CURRENT History

A MONTHLY MAGAZINE OF WORLD AFFAIRS

JUNE 1965

LABOR-MANAGEMENT: THE STORY OF THE FEDERAL ROLE

EGULAR FEATURES

CURRENT *History*

FOUNDED IN 1914 BY
The New York Times

PUBLISHED BY
Current History, Inc.

EDITOR, 1943–1955:
D. G. Redmond

JUNE, 1965
VOLUME 48 NUMBER 286

Publisher:
DANIEL G. REDMOND, JR.

Editor:
CAROL L. THOMPSON

Assistant Editors:
JOAN B. ANTELL
NEYSA S. HEBBARD

Promotion Consultant:
MARY M. ANDERBERG

Coming Next Month

LABOR-MANAGEMENT: ITS CONTINUING ROLE

Our July, 1965, issue will be the second in the three-issue set which *Current History* is devoting to a study-in-depth of labor-management relations in the United States today. Six articles will offer objective and informative background in the following areas of interest:

The U.S. Economy: An Overview

by B. J. WIDICK, Associate Professor of Economics, Columbia University;

The Traditional Role of Management

by WILLIAM G. CAPLES, Vice-President, Inland Steel Company;

The Right to Strike

by PHILIP TAFT, Professor of Economics, Brown University;

Unions and Their Members

by EMANUEL STEIN, Professor of Economics, New York University;

Fringe Benefits

by MARK STARR, author and former education director of the International Ladies Garment Workers Union;

The Role of Small Business

by EDWARD B. SHILS, Associate Professor of Industry, Wharton School.

Other issues in series . . .

LABOR-MANAGEMENT: THE STORY OF THE FEDERAL ROLE, June, 1965
LABOR-MANAGEMENT IN THE GREAT SOCIETY, August, 1965

HIGH SCHOOL DEBATERS: Note these 3 issues on the 1965–1966 N.U.E.A. Debate Topic.

Published monthly by Current History, Inc., Publication Office, 1822 Ludlow St., Phila., Pa. 19103. Editorial Office: 156 Wolfpit Ave., Norwalk, Conn. 06851. Second Class Postage paid at Phila., Pa., and additional mailing office. Indexed in *The Readers' Guide to Periodical Literature*. Individual copies may be secured by writing to the publication office. No responsibility is assumed for the return of unsolicited manuscripts.

90 cents a copy • $8.00 a year • Canada $8.50 a year • Foreign including the Philippines, $8.75 a year
Please see inside back cover for quantity purchase rates.

NO ADVERTISING

CURRENT History

JUNE, 1965 VOL. 48, NO. 286

In writing of how the years of American industrial expansion shaped the federal government's role in respect to industry, this specialist concludes that "the emergence of Big Business found a direct response in the growth of Big Government." After 1850, the federal government assumed increasingly important functions in regard to industry as promoter, as regulator, and then as arbiter.

Industry and the Federal Government: 1850-1933

By Gerald D. Nash

Associate Professor of History, The University of New Mexico

Ever since the colonial era, governments in the United States have been closely associated with the economy. Before 1850, however, public policies were carried out by local and state authorities. In an age in which economic activities were highly localized, such administration was sufficiently effective. Only control of intercolonial and foreign trade was in the hands of the British imperial government. This pattern did not change greatly during the first half of the nineteenth century. The new federal government under the Constitution of 1787 was greatly concerned with the supervision of interstate commerce and the currency, yet left much of the detailed application of policies affecting the internal economy to the states.

But sometime around 1850 several important factors combined to transform the United States from an agricultural to an industrial nation, and thus to create a new role for the federal government. What were the forces that wrought this revolutionary change? It would be difficult to isolate any single factor, for industrialization was the result of a combination of circumstances. Certainly, the development of new technology which reached into virtually every sphere of life was important. Entrepreneurial skill was necessary too, especially in gathering investment capital and in imaginative development of important organizational techniques of production and distribution. Also essential was the availability of masses of able and willing workers, many of them recent European immigrants. Finally, easy access to necessary raw materials hastened the process. These four factors, technology, entrepreneurship, labor, and raw materials combined to make the United States a great industrial nation. By 1900, it had become the world's leading manufacturer, with special emphasis on textiles, steel, oil, food goods and lumber.[1]

[1] See Edward C. Kirkland, *Industry Comes of Age: Business, labor, and public policy 1860–1897*, vol. 6 in the 8-volume *The Economic History of the United States* (New York: Holt, Rinehart & Winston, 1961).

The emergence of industry in America also created many new problems which led various economic interests to turn to the federal government for help. Individuals and corporations engaged in the exploitation of natural resources or new industries were often stymied by a dearth of capital. Then, towards the later nineteenth century, the increasing concentration of wealth in the hands of a few corporations and individuals posed a serious threat to the operation of democratic processes. And increasingly during the twentieth century, unregulated competition threatened to impede the operation of the economy.

Such problems led many aggrieved pressure groups to turn to the federal government for aid; especially since localities and states found themselves increasingly unable to cope with issues that were national in scope. Generally, the demands of businessmen were twofold. Often they sought federal assistance to help private enterprise overcome great obstacles. At other times, they desired regulation to ensure smooth functioning of the nation's economic system. The resultant action by the federal government took various forms. Promotion included the issuance of special privileges such as corporate charters and patents, tariff protection, and outright subsidies or loans. Regulation encompassed restrictions on concentrated wealth or unfair business practices, taxation, and control over rates and services in certain industries.

In response to the pressures from special interests, federal policies towards business passed through at least three phases between 1850 and 1933. Until 1887, when industries were still struggling to establish themselves, the prime emphasis of federal policies was on promotion of private enterprise. Then, as manufacturing became dominant in the American economy between 1887 and 1917, federal action increasingly stressed regulation to curb the power of new corporate monopolies. The period from 1917 to 1933 was characterized by a great expansion of federal promotional and regulatory action to maintain supervised competition. Thus, from 1850 to 1933 the federal government assumed three different roles in regard to business. It acted as promoter, as regulator, and then as arbiter. How did this development come about?

1850–1887

As industrialization proceeded at an increasingly accelerated pace between 1850 and 1887, businessmen pressed the federal government for general aids. One of the most important of these was the privilege of incorporation. This allows a firm a continuous life span, and enables it to concentrate its capital resources. It is true that most private enterprises secured their charters from the states, but important railroads such as the Union Pacific, the Northern Pacific, the Atlantic and Pacific, and the Texas and Pacific between 1862 and 1875 secured federal charters from Congress.

The national government also stimulated economic development with its patent system. Congress laid down the basic pattern with the Patent Act of 1836, which granted inventors exclusive rights to their discovery for a period of 17 years. The Commissioner of Patents administered the law, and in this period issued about 20,000 patents yearly.

Protective tariffs were another stimulant to business. To be sure, some economists like Frank W. Taussig have questioned the actual impact of the tariff in stimulating American industry. But contemporaries of the period believed, rightly or wrongly, that protection was a great boon in fostering domestic enterprise. After 1860, the Republican party became a strong advocate of high duties. Its control of Congress resulted in the Tariff of 1861, which raised rates to 20 per cent on iron and wool. By 1866, the lawmakers had doubled these duties, and with the Tariff Act of 1870 they imposed new ones on steel rails. Since at each legislative session different economic interests struggled for special protection, Congress in 1883 established a Tariff Commission to investigate the needs of American industry, and to recommend needed levies.[2]

[2] See Frank W. Taussig, *The Tariff History of the United States* (New York: Putnam, 1923).

HELP FOR RAILROADS

The federal government also directly encouraged sectors of the economy which it deemed especially important, such as railroads. Without the support of federal as well as state and local authorities the organizers of the great new railroad projects would have found their task much more formidable. In response to requests of railroad builders, federal aid was extended in the form of land grants, loans and subsidies. Congress set the pattern for such gifts of land with the Illinois Central Railroad land grant of 1850 when it allotted 4 million acres to the company. During the next 20 years, the legislators in Washington made more than 80 similar grants totalling 160 million acres. This was an area as large as all of New England, New York and Pennsylvania combined.

The value of the properties actually distributed was estimated to be about $116 million. In addition, local, state and federal governments provided loans for railways exceeding $200 million. Finally, federal, state and local authorities gave outright subsidies to railroads totalling more than $700 million. Three-fifths of the cost of 50,000 miles of railroad track completed in 1870 was borne by public funds.[3]

In addition to furthering transportation, the federal government also promoted industry by maintaining a stable financial system. Its efforts in this sphere consisted of passing laws regulating bankruptcy, keeping a sound currency, and stimulating responsible banking practices. Thus, the federal Bankruptcy Act of 1841 provided safeguards for creditors and debtors and an orderly procedure for settlement of their disputes. These privileges were extended to corporations under the Bankruptcy Act of 1867 which prohibited discharge of debts without consent of at least half of the creditors. Such laws helped to regularize business transactions and provided a favorable legal framework for millions of individuals.

The federal government also provided encouragement for industry by maintaining a sound currency. The Resumption Act of 1875 recalled $378 million of Greenbacks, paper money issued by the Union government during the Civil War. Such action, it was hoped, would prevent excessive inflation. At the same time, the Bland-Allison Act of 1878 had a similar purpose. It restricted the Secretary of the Treasury to the purchase of no more than $2 to $4 million of silver bullion monthly. Until its repeal in 1890, this law led to the coining of $378,166,000.

Maintenance of a stable monetary medium was also fostered by the banking system which the federal government sponsored. Under the National Banking Act of 1864 individuals were allowed to form national banks if they deposited federal bonds with the Treasury as security. Thereupon these institutions were authorized to issue bank notes not to exceed 90 per cent of the value of the bonds. In 1864, Congress authorized the issuance of $300 million of such notes to facilitate private business transactions. In later years the number of national banks grew, from 1,295 in 1865 to 3,689 in 1896, and their capital increased from $380 million to $983 million during the same period. The underlying purpose of this federally supervised system was to provide a mechanism for the accumulation of capital by private entrepreneurs.

In the years between 1850 and 1887, then, the emphasis of federal policies was on the promotion of private business enterprise. This the national government did by providing general aids such as corporate charters and patents, by creating a legal framework within which businessmen could operate, and by protective tariffs. Where private individuals and corporations faced special difficulties the federal government made outright gifts and loans. Regulation was kept to a minimum as the main thrust of federal policies was to encourage the development of the vast resources of the nation.

1887–1917

During the last two decades of the nineteenth century, however, dramatic changes swept American industry which were soon re-

[3] See Merle Fainsod and Leland Gordon, *Government and the American Economy* (New York: Holt, Rinehart & Winston, 1959).

flected in a reorientation of federal policies. Most important was the increasing concentration of business. Year by year, cut-throat competition led to a consolidation of surviving firms and to the gradual creation of great corporate monopolies. These came to exercise a dominant influence in many industries such as oil, iron and steel, copper, whiskey and coal. One financial expert, John Moody, estimated in 1904 that 78 corporations controlled 50 per cent of the production in their respective fields. Some of these giants, like the International Harvester Company, Standard Oil or the American Tobacco Company controlled 90 per cent or more of their fields.

The new face of American industry was dramatically unveiled in 1901 when the United States Steel Corporation emerged as the first billion dollar company in the United States. This trend seemed to constitute a threat to fundamental concepts of democracy. Big Business, represented by leaders such as J. P. Morgan, John D. Rockefeller, and Andrew Carnegie, now wielded enormous economic and political powers at all levels of government and in every section of the country.

The growth of monopoly in American industry helps to explain the pronounced change of federal policies from promotion to regulation. To be sure, federal promotion of business did not cease. But the federal government now placed much greater emphasis on curbing the power of great industrial combinations through antitrust policies, taxation, and financial controls.

ANTITRUST LEGISLATION

Increasing concern over the monopolization of industry in American life led Congress in 1890 to enact the Sherman Anti-Trust Act. This prohibited conspiracies and combinations in restraint of trade in interstate and foreign commerce. Violators were guilty of a misdemeanor. Unfortunately, the lawmakers did not provide for administrative enforcement of the statute. During the next decade it fared very badly in the courts, which considered a total of 40 cases concerning the Act, of which only 13 resulted in convictions. The most important blow to federal legislation came in the United States Supreme Court's decision in *U. S. v. E. C. Knight* (1895). In this case the court noted that manufacturing affected interstate commerce only incidentally, a view which virtually emasculated execution of antitrust legislation.

A truly active effort to carry out the Sherman Anti-Trust Act was not made until the advent of Theodore Roosevelt's administration (1901–1909). Indeed, Roosevelt earned the title of trust buster for his efforts to execute the law. At his urging in 1903, Congress created a Bureau of Corporations to gather information on monopolies and their mal practices. On the basis of such evidence the Department of Justice initiated 44 proceedings under Roosevelt. The most important involved the Northern Securities Case of 1904, in which the federal Supreme Court ordered the break-up of a holding company formed by E. H. Harriman and J. P. Morgan.

This policy was further implemented by Roosevelt's successor, William Howard Taft (1909–1913), who inaugurated 90 antitrust suits during his term. Roosevelt believed that only trusts guilty of malpractices should be dissolved and that others should be left undisturbed. This doctrine he incorporated in his theory of the New Nationalism. The United States Supreme Court adopted a similar view in the Standard Oil decision of 1911 when it formulated the rule of reason. Only those combinations should be enjoined the court declared, which undertook an unreasonable restraint of trade.

Such a policy was, in effect, carried out by the federal government in the years that followed. In theory, Woodrow Wilson, (1913–20) considered bigness in itself an evil and felt that all large combinations should be dissolved. Certainly this was one of the important principles in his doctrine of the New Freedom. In practice, however, he followed Roosevelt's policy of increasing federal regulation of corporations. This was reflected in the Clayton Act of 1914. It prohibited certain business practices it deemed unfair, such as price discrimination, exclusive selling con-

racts, and interlocking directorates among competing corporations. It also exempted abor unions from the Sherman Anti-Trust Act. Wilson elaborated his policies towards ndustry further with the Federal Trade Commission Act in 1914. To take the place of the Bureau of Corporations it created a bi-partisan Federal Trade Commisison of five appointed by the President. These men were o investigate violations of the antitrust laws ind to initiate enforcement suits in the courts.[4]

In these same years Congress inaugurated a new regulatory policy by adopting an income tax. It had imposed such a levy on a emporary basis during the Civil War. But, vith the ratification of the sixteenth amendnent by the states in 1914, Congress was able o make assessments on individuals and corpoations. At the beginning, the burden of this progressive tax was not heavy, for it was one per cent on incomes above $1,000 and one per cent on corporate incomes above $5,000. Nevertheless, taxation henceforth constituted n important tool in the federal government's rsenal of techniques to regulate business.

EGULATION OF INTERSTATE COMMERCE

The increasing importance of public utilities—businesses affected with the public interest—also forced the federal government to ndertake a more active role in their regulaion. In the late nineteenth century, railoads were the most important of such enterrises, and their high rates and discriminaions evoked a loud public outcry. State efforts to remedy such abuses, as formulated in ne Granger laws of the 1870's, had not met vith notable success. Thus, in 1887, Conress was persuaded by dissatisfied shippers nd others to pass the Interstate Commerce ct. It required rates to be reasonable, proibited rebates and discriminations, and forade carriers to charge more for a short haul nan for a long one. All interstate railroads vere now required to file annual reports with ne new agency created to administer the act, ne Interstate Commerce Commisison. Unfortunately, as in the case of the Sherman Act, the courts emasculated the powers of the commission during its first two decades.

Only in 1906 did Theodore Roosevelt revitalize the law, when he secured enactment of the Hepburn Act. This increased the size of the Commission, but more important, granted it powers to reduce unreasonable rates. The measure also extended its jurisdiction over pipelines, sleeping car companies, terminals, bridges and ferries. Under President Taft, the Mann-Elkins Act of 1910 further broadened this to include telephone and telegraph companies. Federal influence was increased further with the Valuation Act of 1913 which allowed the Commisison to make valuations of railroad properties. Such appraisals were to be used for estimating returns on investment, and thus to provide a scientific basis for determining rates.

Since the concentration of banking also posed a threat to the stability of the national economy, the need for greater federal regulation of the country's banks became more acute during these years. The National Banking System had not lived up to the expectations of its founders either in supplying a flexible currency or in proving responsive to business needs and fluctuations. Thus, in 1908, Congress established a National Monetary Commission to study the problem and to suggest improvements.

Partly because of its recommendations, and partly due to President Wilson's prodding, Congress in 1914 enacted the Federal Reserve Act establishing a new banking structure. Under the supervision of a central Federal Reserve Board it created twelve regional banks to serve the monetary needs of their sections as well as of the nation at large. These institutions could issue Federal Reserve notes, a new and more flexible form of bank currency. The act maintained a nice balance between centralized and decentralized banking, and gave the federal government important powers in regulating the national economy.

Although the emphasis of federal policies between 1887 and 1917 was on regulation, the national government did not cease in its

[4] Edwin C. Rozwenc (ed.), *Roosevelt, Wilson nd the Trusts* (Boston: Heath, 1950).

efforts to encourage private industry. Indeed, it increased the scope of such activities. After 1900, the United States Patent Office issued as many as 30,000 patents annually in some years. In 1903, Congress also created the Department of Commerce to offer a wide variety of services to business. It collected useful information and publicized investment opportunities, domestic and foreign. Republican control of Congress also led to a continual rise in the protective tariff. The McKinley Act of 1890 and the Dingley Tariff of 1897 greatly increased rates on steel and wool.

The national government also continued to foster transportation. Congress appropriated large sums for the improvement of rivers and harbors, and roads and highways. Under the Highway Act of 1916 the legislators inaugurated a large scale program of grants-in-aid to the states for road construction, totalling half a billion dollars.

Thus, between 1887 and 1917, the growth of Big Business led to a corresponding expansion of Big Government. The development of industry created new problems which led aggrieved interest groups to seek federal action. To meet the challenge of concentrated wealth, Congress and the Presidents, regardless of party affiliation, formulated antitrust laws, imposed taxation, and undertook the regulation of rates and services of public utilities. Federal influence over the economy grew further as the variety of promotional services desired by an increasing variety of businesses increased and required a consequent expansion of a wide range of federal programs.

1917–1933

During World War I and the 15 years thereafter, the relationship between government and industry changed once more. Now federal authorities found their major problem to be the regulation of unfair business competition. Such a policy seemed to be more realistic than insistence on the dissolution of all large combinations. Half a century of experience had revealed that the concentration of business often resulted in technological and economic efficiency, and tha dissolution of monopolies without discrimination could be unwise. Thus, between 191 and 1933, the national government sought to retain the advantages of large-scale corporations while at the same time curbing abuses emanating from their far-flung political and economic power. Consequently, it was called upon to exercise its vast powers of promotion and regulation on a greatly extended scale to curb unfair business practices. From 1850 to 1887 the federal government had acted mainly as promoter; from 1887 to 1917 as regulator; and now, from 1917 to 1933 it took on a new role as arbiter.

INFLUENCE OF WORLD WAR I

The domestic mobilization program of 1917–1918 had a profound impact on government's relation to the economy as it led federal agencies to become the arbiters of American industry. In an effort to stimulate maximum production, Washington now actively interfered in many spheres of the national economy on an unprecedented scale.

The War Industries Board, headed by Bernard Baruch, secured full cooperation between businessmen themselves and also in their relations with the federal government through joint government-industry committees. Such cooperation obviously hinged on nonenforcement of the antitrust laws during the war. In addition, President Wilson created the United States Fuel Administration to control production and distribution of oil and coal. Another new agency, the United States Railroad Administration, operated the country's railroads while the War Finance Corporation extended $1 billion in credit to industries converting to war production. Cooperation between the federal government and business during the conflict resulted in notable success, and was not forgotten by those who participated in the effort.

The new federal role as arbiter of the American economy was soon reflected in the antitrust policies of the postwar period, which emphasized a continuance of the cooperation that had been characteristic during the war. The Federal Trade Commission now viewed

its task as one of arbitrating rules of competition among competing businesses, and followed some of the same regulatory policies worked out by the War Industries Board. It encouraged businessmen to join in trade associations, and to frame codes of fair competition for their industries. It also sponsored fair trade conferences to promote supervised cooperation rather than cut-throat competition. Antitrust prosecutions lagged; instead, the Federal Trade Commission issued large numbers of cease and desist orders to prohibit undesirable business practices.

That the federal government was becoming an umpire was also seen in postwar railway legislation. The Transportation Act of 1920 returned the railroads to their owners, but at the same time greatly increased federal controls. The law instructed the Interstate Commerce Commission to set rates which would net the carriers a fair return on their properties. Prosperous railways earning more than six per cent on their investments were to turn the surplus over to a loan fund for less fortunate carriers.

The Commission was also charged with drawing up plans for the consolidation of the nation's railways, such combinations to be exempt from the antitrust laws. Finally, the Commission received authority to regulate the issuance of railroad securities and to mediate railway labor disputes. In this manner the federal government sought to regulate competition in the railroad industry.

Meanwhile federal officials also sought to encourage new forms of business as a means of maintaining fair competition. Under the leadership of Herbert Hoover, the Department of Commerce during these years (1921–1928) greatly enlarged its services to businessmen, especially by encouraging the organization of trade associations, and the elimination of wasteful or unnecessary competition. Similarly, Secretary of the Treasury Andrew Mellon's tax policies were to place light burdens on the wealthy, to encourage them to invest capital in new productive enterprises. By 1932, the federal government had also established the Reconstruction Finance Corporation to extend more than $3 billions of loans to banks and railroads caught in the depression crisis. At the same time, the Fordney-McCumber Tariff of 1922, and the Smoot-Hawley Tariff of 1930 raised protective rates to higher levels in the hope of encouraging domestic business.

The federal government also encouraged new forms of transportation to maintain regulated competition in that industry. Under President Warren Harding, Congress passed the Highway Act of 1921 which provided almost $1 billion for the federal grants-in-aid program for road construction in the states. Indeed, the growth of the automobile industry during the 1920's, and the rise of trucks as a major carrier, were directly dependent on this improvement and extension of the nation's highways. Similarly, the United States Shipping Board, created in 1916, stimulated the rebirth of the American merchant marine because this agency built and operated many new vessels. With the Air Mail Act of 1925, Congress embarked on the payment of mail subsidies to commercial air carriers to foster their development. The federal government therefore became a referee who maintained rules of fair competition among rivals in particular industries.

CONCLUSION

Between 1850 and 1933, federal policies concerning industry thus passed through three phases. From 1850 to 1887, prime emphasis was placed on promotion; between 1887 and 1917 the major tendency was towards regulation; and, from 1917 to 1933 the federal role embraced arbitration through

(Continued on page 364)

Gerald Nash's special interests are recent American history and the history of federal and state economic and administrative policies. He is the editor of *Issues in American Economic History* (Boston: Heath, 1964) and author of *State Government and Economic Development: A History of Administrative Policies in California* (Berkeley: University of California Press, 1964), as well as a number of articles.

As this economist points out in his historical survey, "when the three branches of our government were unsympathetic to organized labor, as was true during most of the period prior to the New Deal, organized labor found it difficult to expand."

Labor and the Federal Government: 1850-1933

By Albert A. Blum
Professor of Labor and Industrial Relations, Michigan State University

If the judicial principles preached by the courts in the early years of the American Republic had been followed in the nearly 200 years since our independence, there would be no real labor movement in the United States today. During the nineteenth century, and indeed up to the passage of the Norris-LaGuardia Act in 1932, very few laws were passed dealing with labor relations. In the absence of such statutory laws, judges based their decisions on common law, or the customs of the country as interpreted by previous court decisions. This really meant that each judge himself made the common law, for it was his task to determine the customs and to choose the past precedents. Thus, if one wants to study labor law prior to the mid-1930's, one must go to the court decisions, not to the laws passed in Congress.

Using traditions that had developed in England, the courts emphasized the freedom of each individual to make contracts on his own, the law of supply and demand, and the illegality of conspiracies in restraint of trade. On the other hand, the unions represented the workers' desire to organize as a group, to make a contract binding on themselves and their employers; to restrict the laws of supply and demand by fixing wages for a period or by sponsoring a closed shop whereby only union members could secure jobs; and to restrain trade through picketing and strikes. Clearly, the goals of the unions were in conflict with the common law as viewed by many judges. As a result, a group of shoemakers in Philadelphia in 1806 saw their efforts to protect their wages go for naught when a judge ruled that workers joining together to demand an agreement on wages had formed an illegal conspiracy against trade.[1]

The fledgling unions would have been destroyed, driven underground, or become only fraternal organizations, if all judges had followed the principle rendered in the Philadelphia case. Many of them did. But fortunately for organized labor, a series of decisions, of which *Commonwealth vs. Hunt* in 1842 is the most famous, began to change the pattern. No longer would unions be considered illegal, for all practical purposes, just because they sought what are now accepted union goals. Instead, the courts began to judge whether the ends sought by the labor organizations were "virtuous" and whether the means were also "virtuous." Of course judges differed as to whether a given goal and the means used to achieve that goal were justifiable but they tended to

[1] For a good summary of labor laws and court interpretations, see Charles O. Gregory, *Labor and the Law* (New York: W. W. Norton & Company, 1961).

accept higher wages, shorter hours and improved working conditions as legitimate trade union aspirations. Hitting instead at the means used, the court employed the injunction as a method to stall trade union momentum. The injunction, a court order restraining one or more persons from performing some act which they were threatening to commit or were commiting, became the judicial technique used everywhere to prevent alleged damage to property by trade unionists.

THE UBIQUITOUS INJUNCTION

Representatives of management frequently asked the courts to issue an injunction to stop a union from striking, picketing or boycotting, alleging that such actions damaged property. When trade unionists threw rocks at a company's window, for example, there was no question that an injunction might well be appropriate. But what if the property being damaged was intangible, if there was loss of profits, production or business? The courts also issued injunctions against intangible damages and thus hampered normal trade union activity, since strikes and picketing have as their common goals such losses to firms.

Moreover, the courts enjoined unions from interfering with employment agreements, called yellow-dog contracts, in which employees promised not to join a union while at work for that company. A typical yellow-dog contract signed by workers said the following:

> I am employed by and work for X Company with the expressed understanding that I am not a member of the Union and will not become so while an employee of the X Company. . . . If at any time while I am employed by the Company I want to become connected with the Union, . . . I agree to withdraw from the employment of said company, and agree that while I am in the employ of that company I will not make any effort amongst its employees to bring about the unionizing of that company against the company's wishes. . . .

By making it illegal for unions to try to organize workers who had signed such agreements, the courts, when their rulings were enforced, could have prevented any real union growth.

Labor's distrust of the courts was made more pronounced by the Supreme Court's interpretation of the Sherman Anti-Trust Act passed in 1890. This law forbade combinations in restraint of trade. Although seemingly directed at corporations, shortly after it was enacted the courts used it against labor organizations. One of the most famous decisions under this act was the case of the *Danbury Hatter* (1902) in which the Supreme Court decided that a secondary boycott involved an illegal combination in restraint of trade and held the union and its individual members liable for *triple* damages. This harsh treatment prompted unionists to seek to revise the Sherman Act.

They thought they were successful when Congress passed the Clayton Anti-Trust Act in 1914. Because the Clayton Act declared that the labor of a human being was "not a commodity or an article of commerce," and because it appeared to exempt unions from prosecution for antitrust violations, some unionists viewed this act as the Magna Carta of labor. But, again, the Supreme Court quickly interpreted this Act so that it could be used against labor unions. In fact, the law expanded the use of injunctions, for under its auspices individuals could seek an injunction while earlier only the government could do so.

ATTEMPTS AT LIMITING THE COURTS

Unions continually sought relief from the hated "government by injunction." They pushed for remedial legislation in the states. Between 1890 and 1914, 15 states passed laws forbidding yellow-dog contracts and 22 made it illegal for an employer to discharge a worker for joining a union. Congress included similar provisions in the Erdman Act dealing with railroad employees. The Supreme Court, however, rejected these laws as unconstitutional. Moreover, the courts voided early state attempts at social reform—meager though these attempts seem in the light of more recent legislation. For example, in 1923, the Supreme Court rejected

as unconstitutional a state minimum wage law, claiming that it violated the worker's freedom to make a contract to work longer hours than the minimum required by the law.

The labor movement, seeking to expand during the nineteenth century and the first three decades of the twentieth, clearly faced an environment in which the government, including the courts, was generally hostile. In addition, the business community usually fought the organization of unions with any weapon, legal and illegal, that it could use, confident that the government was on its side. Nonetheless, union membership did grow, though slowly, and organized labor began to evolve a philosophy of how to deal with the unfriendly political forces in power.

UNION MEMBERSHIP TRENDS

First, let us examine union membership trends during this period. The figures we have normally come from the unions themselves and are not always accurate. One can see in Table 1 that there has been a gradual increase in trade union membership, though labor has had to face sharp ups and downs.[2] During the 1827–1836 period, labor unions began to grow. They formed a city central (an association of unions in a city); fought for a ten-hour day; organized a national association of trade unions in 1834 that did not last; and became active in the Workingmen's parties. Membership at the end of that period was close to 300,000. However, a sharp drop in this figure soon followed. The next upsurge came during the 1863–1872 decade. This was the period in which, helped by the Civil War, local labor unions increased in number and formed such national unions as the Iron Molders, Machinists and Blacksmiths, and Locomotive Engineers. In 1866, another federation of labor unions, the National Labor Union, was started; it lasted until 1872. Overall union membership in 1870 was reported at 300,000. Some eight years later it had declined to 50,000.

The remarkable year, 1886, is given as the terminal date of another period of rapid growth: 1881-1886. This was the year that saw the Knights of Labor zoom in membership to 700,000 from approximately 100,000 the year before; it was the year that saw the labor movement strike for an eight-hour day, and Henry George come close to becoming mayor of New York with labor support; and it was the year that the American Federation of Labor (A.F.L.) was born (having been conceived in 1881). Total union membership in 1886 reached one million but it decreased rapidly as is indicated by the Knights of Labor drop in strength from 700,000 members in 1886 to 75,000 in 1893.

After 1897, we have relatively good trade union membership figures. That year saw the start of another sharp growth period in union membership, ending approximately in 1903, with a more gradual growth continuing through 1913. This was a period of the Spanish-American War; of an upswing in the business cycle after the depression of the 1890's; of the National Civic Federation in which some executives and union representatives cooperated to resolve labor disputes; of an increase in the number of national unions affiliated with the A.F.L. from 58 to about 120; and of the tremendous expansion of union membership in three industries: coal mining, railroads, and building trades. From 1897 through 1913, more than half of the total increase in union membership came in these three industries.

We next turn to another period of rapid increase, 1917–1920, during the war and the armistice following it. Soon, however, the labor movement had to live through more than a decade of steady losses that started during the relatively prosperous years of the 1920's, when union programs were no match for the active antilabor role played by management, and continued through the devastation of the Great Depression.

[2] There are three one-volume histories of American labor that are helpful. The shortest is Henry Pelling, *American Labor* (Chicago: University of Chicago Press, 1960). This is also in a paperback edition. The most detailed is Joseph G. Rayback, *A History of American Labor* (New York: Macmillan, 1959.) The best written is Foster Rhea Dulles, *Labor in America* (New York: Thomas Y. Crowell, 1960). John R. Commons, *et al., History of Labor in the United States* (New York: Macmillan, 1935), 4 vols., is still extremely valuable.

TABLE 1: UNION MEMBERSHIP — 1870–1934

Year	Total U.S. and Canadian Membership* (in thousands)	U.S. and Canadian Membership as a percentage of U.S. Civilian Labor Force**	Total Union Membership Exclusive of Canada† (in thousands)	U.S. Workers in Non-Agricultural Establishments‡	
				Number of Employees (in thousands)	Per Cent Organized
1870	300.0	..	..	6,190	4.9
1880	200.0	..	..	8,820	2.3
1890	372.0	..	..	13,550	2.7
1900	868.5	3.0	..	14,236	6.1***
1902	1,375.9	4.5	..	..	..
1904	2,072.7	6.4	..	..	..
1906	1,907.3	5.5	..	..	..
1908	2,130.6	5.8	..	..	..
1910	2,140.5	5.6	2,021.1	20,397	9.9***
1912	2,452.4	6.3	..	..	..
1914	2,687.1	6.8	..	..	..
1916	2,772.7	6.9	..	..	..
1918	3,467.3	8.4	..	..	..
1920	5,047.8	12.0	4,780.6	25,392	18.8***
1922	4,027.4	9.4	..	..	..
1924	3,536.1	7.9	..	..	..
1926	3,502.4	7.6	..	..	..
1928	3,479.8	7.3	..	..	..
1930	3,392.8	6.8	3,161.8	29,143	10.7***
1932	3,144.3	6.2	2,968.3	23,377	12.6
1934	3,608.6	6.9	3,447.6	25,699	13.4

* 1870–1890: Lloyd Ulman, "The Development of Trades and Labor Unions," in Seymour Harris, ed., *American Economic History* (New York: McGraw-Hill, 1961), p. 393.

1900–1934: Irving Bernstein, "The Growth of American Unions," *The American Economic Review*, June, 1954, pp. 303–304.

** Civilian labor force refers to those who are ready, willing, and able to work and are fourteen years of age and older.

† 1910, 1920: Benjamin Solomon, "Dimensions of Union Growth, 1900–1950," *Industrial and Labor Relations Review*, July, 1956, p. 546.

1930–1934: These figures were secured by subtracting Canadian figures by the Bureau of Labor Statistics from the data given in Column 1.

‡ 1870–1890: Ulman, *loc. cit.*

*** 1900–1920: Solomon, *loc. cit.* Solomon made use of census reports and consequently his figures for union potential are probably more accurate than just employment in non-agricultural establishments. He also shows a larger number of workers as union potential than do the figures for non-agricultural employment. This results in his percentages of those organized being smaller than the percentages listed on the table. Solomon's percentage for 1930 is 10.2 per cent.

1930–1934: Bureau of Labor Statistics.

GOVERNMENT AND UNION GROWTH

This rapid survey of labor's growth and decline indicates that political factors are indeed important in determining union size.[3] The cooperation of local governments in passing favorable local licensing laws and building codes helps explain union expansion in the building trades. The passage of sympathetic legislation in the railroad field also helped unions in that industry. In fact, the Railway Labor Act in 1926 was one of the first important pieces of legislation dealing with labor relations concerns. In an effort to prevent interruptions caused by labor disputes from taking place on the railroads, the Act provided procedures for the peaceful settlements of disputes. Congress further gave the workers the right to choose their labor representatives and management had to bargain collectively with them. The Act set up a National Mediation Board which had the responsibility of certifying the union or unions that would represent the workers.

Action taken by Presidents also fostered union growth. For example, during World War I, President Wilson issued an executive order establishing the right of workers to organize and bargain collectively. This action sparked an upsurge in union membership. In periods of crises, such as wars, the government has tended to be more willing to cooperate with organized labor. And surely during the period following the crisis of the Great Depression of 1929–1933, when the administration headed by Franklin D. Roosevelt looked with favor upon unions, when the Congress passed such pro-labor legislation as the Wagner Act, and when the courts ceased being hostile to unions, there was a period of the most marked swelling of labor's membership rolls. On the other hand, as we have seen, when the three branches of our government were unsympathetic to organized labor, as was true during most of the period prior to the New Deal, organized labor found it difficult to expand. It is no wonder, therefore, that organized labor has continually debated its political posture.[4]

REJECTION OF CAPITALISM

One group of unionists argued that the labor movement ought to reject the capitalist system as it was evolving in the United States. Some thought unions should seek a better world in the past, while others sought it in the future. The former fought for a world that they believed once existed, in which every employee would be an employer, or own a piece of land to which he might return as farmer. They also pushed for producer or consumer cooperatives in which the economic laws of the market place could be somehow controlled, or tried to develop utopian societies in which capitalistic motivations and activities would be rejected. Such ideas were quite common among labor leaders during the nineteenth century and greatly influenced the Knights of Labor, the dominant labor federation during the 1880's.

Conversely, those who rejected the capitalistic system played a more important role in the twentieth century; these were the Communists who looked on capitalism as an essential phase of history that would eventually result in a Communist society. These Communists believed that the American government was a committee of the capitalist class, and that the worker was to be the major instrument to bring about the basic changes in society that the Communists favored. They therefore openly, or secretly, infiltrated the labor movement and tried to persuade it to follow their party line. Their tactics proved successful in relatively few unions.

Far more important than the unionists just described who rejected our capitalistic system were those who accepted it. Here, two groups fought to have labor follow their respective leads. The first, the pure-and-simple-trade unionists, dominated the American Federation of Labor and therefore the labor movement until the birth of the Congress of

[3] See Philip Ross' "The Role of Government in Union Growth," in Solomon Barkin and Albert A. Blum (eds.), *The Crisis in the American Trade Union Movement,* The Annals of the American Academy of Political and Social Science, November, 1963, pp. 74–85.

[4] For a more detailed discussion of this debate, see the author's "The Political Alternative of Labor," *Labor Law Journal,* September, 1959, pp. 623–631.

Industrial Organizations (C.I.O.) in the mid-1930's; the second, the reform unionists, fought the pure-and-simple trade unionists (sometimes called business unionists) and eventually became the major force in the American labor movement.

The hostile courts and government taught the pure-and-simple-trade unionists a bitter lesson. They became convinced that workers had to recognize that the cure for their ills could not be found in the hands of legislators; it could only be found through trade union action. Collective bargaining and strikes, not votes, raised wages and shortened hours. When the unionists entered the political arena, it was to fight for limited goals that were closely related to trade union objectives. Thus they opposed any law which hampered labor's right to organize or strike (for example, compulsory arbitration laws). The business unionists were not sympathetic toward legislation which gave the workers benefits which they believed could be obtained through union action. They feared that such laws, passed by a legislature, would embody the maximum, not the minimum, that the workers would gain.

This helps explain the early opposition of the American Federation of Labor to a simple minimum-wage-and-maximum-hour law. The pure-and-simple trade unionist did, however, support bills regulating working conditions for the relatively unorganizable workers, such as children and, to a lesser degree, women, in order to prevent their competition with unionized labor. Moreover, they desired legislation restricting the power of courts to hinder union activities through injunctions and other legal devices. But this was the outer limit of their involvement in politics. They were ready to reward their friends and to punish their enemies who were seeking office on the basis of their attitudes toward these limited legal objectives, but their main interest was in coming to terms with management, not government.

REFORM UNIONISM

As a hostile environment taught the business unionist one lesson, it taught the reform unionist another—namely, that organized labor had to harness its strength so as to make the government less hostile and pass laws and administer them to benefit not only organized workers but the rest of society. The reform unionists believed that the problems of the aged, the unemployed, the poor, the Negro, the sick, the weak, or the problem of war, could not be left to the laws of chance or of economics but should be left to the laws of man, enacted by their various legislatures. This being the case, the reform unionists refused to turn over to the other pressure groups in society what they felt were their responsibilities in these fields. They therefore became intensely involved in political action—not only concerning the narrow sphere to which the business unionists limited themselves—but concerning any issue that the worker, as a member of American society, had to face. While the business unionists emphasized and tried to build up labor's economic muscle; the reform unionists thus emphasized and flexed its political muscle.

The Great Depression in the 1930's brought the reform unionists to a dominant position in the labor movement. That government had kept out of economic affairs had been one explanation given for the progress of the 1920's; this laissez-faire philosophy was however to be blamed for the poverty of the 1930's. The old unionism, which faced a hostile political environment and had achieved important, though limited, successes with its de-emphasis upon politics and restricted labor goals, was to be replaced after

(Continued on page 364)

Albert A. Blum served as a labor relations specialist for the National Industrial Conference Board from 1956 to 1958 and, before joining the staff at Michigan State University, he taught at New York University (1958–1959) and Cornell University (1959–1960.) Mr. Blum is a frequent contributor to periodicals. In the spring of 1963, he lectured on the American labor movement at the Salzburg Seminar in American Studies.

"The labor movement, clearly, came of age during the New Deal," writes this historian, who clarifies the change in the government's role during and after the Great Depression, and the broadening use of "federal power . . . to redress the imbalance in labor-management relations."

The Influence of the New Deal

By Jerold S. Auerbach
Assistant Professor of History, Brandeis University

On Black Thursday, the dismal October day in 1929 when waves of panic selling buffeted the stock market, thousands of Americans watched the ticker tape record the disappearance of their fortunes. Relatively few workers—in fact, relatively few Americans—were directly affected that day. During the ensuing decade, however, the crises of the Great Depression changed the lives of an entire generation of Americans. By 1940, power relationships in American society had been profoundly altered. No groups were more affected by these changes than labor and management.

"At no other period in the twentieth century," Irving Bernstein has written, "were employers as a class so free of the countervailing restraints of a pluralistic society as during the twenties. Labor organizations were deplorably weak and government was dedicated to fostering the employer's freedom."[1] Federal and state legislation not only reflected but reinforced this disequilibrium. Judicial decisions repeatedly hindered the efforts of workers to organize and bargain collectively. Workers had the right to *try* to organize, but their favorite weapons—strikes, picket lines, and boycotts—were blunted by the courts.

By contrast, management fared well. Injunctions were issued to regulate or prevent picketing and even to forbid a strike or a union meeting. Many hostile acts of employers, while unethical, were legal. No federal legislation prohibited employers from hiring spies or professional strikebreakers; none regulated the purchase of munitions for use in industrial controversies. Employers could and often did, employ spies, strikebreakers and private police, circulate blacklists with impunity, and stockpile munitions against the day when workers might have the temerity to strike.

Redressing this imbalance in labor-management relations did not particularly concern Franklin D. Roosevelt, either during his 1932 campaign or after his inauguration. With millions unemployed and despondent, and industry faltering, the state of the nation seemed to dictate emergency recovery measures aimed at revitalizing the economy, not at hamstringing management. Roosevelt's approach, like that of his Secretary of Labor, Frances Perkins, emphasized such ameliorative measures for the worker as wages and hours guarantees, unemployment compensation and social security. The President, described by one of his advisers as a "patron" of labor, was unenthusiastic about labor legislation that focused on unions as instruments of social progress. Roosevelt's determination to act as broker between labor and management did not hold much promise for the weaker of these two groups.

The President's initial plans for industrial mobilization permitted government and busi-

[1] Irving Bernstein, *The Lean Years* (Boston: Houghton Mifflin Co., 1960), p. 144.

ness to become partners in recovery. Prominent business leaders had suggested suspension of the antitrust laws to permit industry-wide planning. Roosevelt, recalling the precedent of business-government cooperation during World War I to meet a different kind of national emergency, acceded to their wishes. Businessmen were authorized to draft codes for entire industries covering production, prices, labor relations, wages and hours. No threat of antitrust prosecutions would impede their efforts.

Such concessions to business prompted Senator Robert F. Wagner of New York, labor's spokesman in Congress, to demand federal protection for workers who wished to organize and bargain collectively. At Wagner's urging, Section 7a of the recovery bill stipulated that codes must guarantee to employees the right to organize and bargain collectively through representatives of their own choosing. In pursuance of these objectives, workers were to be free from interference, restraint, or coercion exerted by their employers. Section 7a also required that the codes contain guarantees for minimum wages and maximum hours.

The principles enunciated in Section 7a of the National Industrial Recovery Act were hardly novel. Nearly a century earlier, the legitimacy of unions had been upheld in court. During World War I, the National War Labor Board had declared that workers could choose their representatives by majority vote. The Railway Labor Act of 1926 granted to railroad workers the right to be represented by organizations of their own choosing. The Norris-La Guardia Act, six years later, made self-organization and collective bargaining the objectives of federal policy.

Although Section 7a merely echoed these pronouncements, its attempt to convert theoretical rights into actual ones encountered difficulties from the outset. The language of 7a was vague; a government official subsequently called the provision an "innocuous moral shibboleth." It promised much—the President and Congress had, perhaps unknowingly, committed themselves to extensive intervention in labor-management relations—but fulfillment would depend upon labor's success in wielding power in the factories and at the bargaining tables.

UNION WEAKNESS

Organized labor was ill-prepared to exert such power. In 1933, fewer than three million workers were union members—approximately six per cent of the nation's working force. The American Federation of Labor, inhibited by its commitment to craft rather than industrial organization, responded to 7a with excessive restraint. Labor leadership quickly passed into less cautious hands; in Minneapolis, San Francisco, Toledo and elsewhere, as Arthur Schlesinger, Jr. has indicated, "employer immoderation . . . made labor immoderation inevitable." Employers indicated their unwillingness to abide by the spirit of 7a. When they did not fight unions overtly, they utilized the provision to organize company unions, which often reflected management's conception of "proper" unionization and only rarely expressed worker's grievances.

Section 7a never became labor's panacea, for the National Recovery Administration required industry's support. Consequently N.R.A. administrator Hugh Johnson yielded to business demands in order to secure acquiescence to the codes; Johnson refused to use coercion to win compliance. From the beginning of N.R.A., the partnership between business, labor and government included one very junior partner.

Despite the restraint of the American Federation of Labor and the caution displayed by Roosevelt and Johnson, 7a served as a sharp spur to unionization. Workers were easily persuaded that the President wanted them to join a union. Miners, millhands, truckdrivers and men on assembly lines eagerly responded. But 7a failed to dissolve employer resistance to unionization. A series of bitter and occasionally violent confrontations between labor and management during the first year of the New Deal threatened to disrupt Roosevelt's recovery program.

The administration responded by establish-

ing the National Labor Board to quell conflict and clarify 7a. For nearly a year the Board, plagued by a vague mandate and no enforcement powers, struggled to enunciate principles that both sides would accept. But management refused to abide by its decision that the representatives chosen by a majority of workers should bargain on behalf of all. Leading industrialists declined to attend hearings or comply with Board procedures. When even Hugh Johnson repudiated Board policy its demise was assured.

The weaknesses of the National Labor Board were plainly apparent to Senator Wagner. In March, 1934, he introduced a bill providing for the establishment of a new labor board empowered to enforce its decisions. Wagner's proposed board would conduct elections to determine employees' representatives, prohibit coercion by employers, and require management to bargain with the workers' spokesmen. The bill aroused a storm of opposition, however, and Roosevelt refused to endorse it. But the President, whose hand was being forced by continued labor militancy and employer resistance, requested a congressional resolution authorizing him to create labor boards empowered to conduct elections. Congress responded with Public Resolution 44; in June, Roosevelt appointed three men to the first National Labor Relations Board.

By mid-1934, it was obvious that there was no single "New Deal" labor policy, nor was there any one degree of New Deal sensitivity to labor interests. Roosevelt tended to react rather than to initiate; his primary aim was still to secure business cooperation, not to reallocate power between labor and management. The Department of Labor adhered to the social welfare approach espoused by its Secretary.

During the first half of the New Deal decade, at least, policies promoting labor organization and collective bargaining won significantly stronger support in Congress than in the executive branch. Senator Wagner, in particular, worked tirelessly to write such principles into law. Wagner believed that "a free and self-disciplined labor movement . . . is essential to [the] democratic purpose of maintaining our system of free enterprise." Public Resolution 44 sidetracked his own measure but Wagner remained convinced of the need for more inclusive national labor legislation. The difficulties encountered by the new National Labor Relations Board gave him his opportunity.

The N.L.R.B. was debilitated by the same weaknesses that had paralyzed its predecessor. Its mandate was limited and its enforcement powers were virtually nil. It depended upon appeals to N.R.A. for removal of the Blue Eagle[2]—by now a somewhat tarnished symbol—or to the Justice Department for legal action. Neither approach proved effective; employers felt free to ignore N.L.R.B. recommendations. The Board found itself powerless to resolve the pressing problems that it confronted. Early in 1935, its limitations were starkly exposed when a federal district judge held Section 7a unconstitutional, disregarded Board findings, and declared that the federal government lacked jurisdiction over labor-management relations. One week later a witness told the Senate Committee on Interstate Commerce that N.R.A. had become "a failure and a flop."

With the N.L.R.B. unable to enforce its decisions, Senator Wagner resolved once again to press for remedial legislation. The principles underlying a more equitable allocation of power between labor and management already were clearly enunciated. First, employees must have the right to organize and to designate representatives to engage in collective bargaining. Second, employers must not interfere with, restrain, or coerce employees who exercised this right. Third, representatives would be chosen by secret ballot with those selected by majority decision speaking for all. Finally, employers would be expected to recognize and bargain with workers' representatives. The key to Wagner's proposal was a permanent national labor relations board with power to implement these principles. It would be author-

[2] The Blue Eagle was the symbol of the N.R.A. codes until the system was abolished in September, 1935.

ized to order and conduct elections to determine representation, to define and prohibit unfair labor practices, and to enforce its decisions.

THE WAGNER ACT

Wagner's revised labor relations bill, reintroduced early in 1935, moved to a final vote in the Senate without either the President or the Secretary of Labor lifting a finger on its behalf. The bill, Miss Perkins wrote subsequently, "did not particularly appeal to [Roosevelt] when it was described to him." Nor did it appeal to her. But it passed the Senate with a topheavy majority and seemed likely to have clear sailing through the House. On May 24, Roosevelt, after conferring with Wagner, unexpectedly announced his own commitment to the measure which, he said, had become "must" legislation. Three days later the Supreme Court inadvertently removed the final obstacle to enactment: its unanimous decision in the Schechter "sick chicken" case voided the National Industrial Recovery Act. Section 7a tumbled into oblivion.

Within five weeks, Roosevelt signed the National Labor Relations Act. Section 7 guaranteed to employees "the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection." Section 8 made it an unfair labor practice for an employer "to interfere with, restrain, or coerce" employees in the exercise of their rights. A new National Labor Relations Board was established to enforce these guarantees and to prevent employers from engaging in unfair labor practices affecting interstate commerce.

Enactment of the Wagner bill marked a critical turning point for labor-management relations in the United States. Perhaps no other single piece of legislation so drastically altered power relationships in this country. The Wagner Act erected "a new legal framework" for industrial relations. Prior to 1935, employers could resist the organization of their workers with few holds barred; workers had no legal recourse against antiunion tactics. The Wagner Act filled this gap by constricting the sphere of legitimate employer activity and securing the rights of workers. Employers discovered that their freedom to fight labor organization had been sharply curtailed. Their domination of labor-management relations ended when the federal government readjusted the scales of power.[3]

Yet many employers were not prepared to acquiesce in the policy enunciated in the Wagner Act. Prominent industrialists, speaking through such organizations as the American Liberty League and the National Association of Manufacturers, insisted that the Act was unconstitutional and refused to obey it. The National Labor Relations Board bore the brunt of these attacks. During its first year the Board encountered 80 injunction proceedings, which incapacitated it as an effective administrative agency. Assailed by management and crippled by court decisions, the N.L.R.B. was virtually stillborn at the very moment when labor and management girded for their tests of strength. For nearly two years, until the Supreme Court upheld its constitutionality, the Wagner Act, in the words of one N.L.R.B. official, existed "as little more than a vehicle for protracted litigation. . . ."

Workers, particularly in the mass-production industries, refused to halt their organizing drives to await a ruling from the Supreme Court. In steel, mining, textiles, automobiles, and rubber, the Congress of Industrial Organizations (C.I.O.) thrust itself into the forefront of the labor movement. With John L. Lewis issuing thundering pronouncements heralding labor's inevitable triumph, and hundreds of organizers fanning out through the nation's industrial belt, workers responded with unprecedented alacrity. By mid-1936, the C.I.O. was ready to mount its assault against such citadels of antiunionism as

[3] See David Brody, "The Emergence of Mass-Production Unionism," in *Change and Continuity in Twentieth-Century America,* John Braeman, Robert Bremner, Everett Walters (eds.), (Columbus: Ohio State University Press, 1964), pp. 221–62.

United States Steel, Republic Steel, General Motors and Ford. Management reacted predictably; the result was described as "the irrepressible conflict of the twentieth century."

THE LA FOLLETTE INVESTIGATION

The N.L.R.B. had been created precisely to institutionalize this conflict. Management's refusal to abide by its decisions, however, nullified the Wagner Act. In the spring of 1936, Board officials, disturbed by the prospect of the Board's demise, lobbied for a congressional investigation to demonstrate management intransigence and mobilize public opinion on the Board's behalf. Senator Robert M. La Follette, Jr. of Wisconsin, responding to these requests, introduced a resolution, approved by the Senate, authorizing an investigation of interference with labor's right to organize and bargain collectively.

For four years, until 1940, the La Follette committee documented the hostility of important segments of management to national labor policy. It exposed antiunion practices that had frustrated organization for decades: espionage, the use of munitions, professional strikebreaking and the utilization of private police in industrial disputes. The committee revealed that management, acting through employers' associations and hastily organized citizens' committees, often succeeded in frustrating the policies expressed in New Deal labor laws.

The initial phase of the La Follette investigation coincided with C.I.O. organizing drives in steel, automobiles, and mining. The committee offered workers and union officials a national forum for the presentation of their grievances. The threat of an investigation probably contributed to the willingness of United States Steel to sign a contract with the C.I.O. rather than engage in a lengthy, costly and nationally publicized showdown. An investigation of labor policies in the factories of General Motors, followed by dramatic public hearings shortly after automobile workers in Flint won their harshly condemned sitdown strike, aided the union cause in the automobile industry. Committee disclosures of antiunion practices in Harlan County, Kentucky, boosted the organizing drive of the United Mine Workers and prompted the Department of Justice to prosecute Harlan mine executives. No federal agency evidenced greater sensitivity to the needs of industrial workers than the La Follette committee. Its hearings and reports offered convincing testimony to the willingness of the federal government to exert power on the workers' behalf.

Yet committee findings revealed that federal guarantees of the right to organize did not produce automatic results. Worker militancy was essential; without rank-and-file enthusiasm, management would hardly have yielded its traditional prerogatives. Not for several years did C.I.O. organizing drives erode resistance to unionism in the companies that comprised "Little Steel" (particularly Republic, Bethlehem and Youngstown Sheet & Tube) or in the Ford Motor Company, where a private army—euphemistically called the Ford Service Department—terrorized union organizers until the eve of American involvement in World War II.

But federal intervention in labor-management relations, while not sufficient, certainly was necessary. Without it, mass unionization would have been inconceivable. Section 7a and the Wagner Act provided the foundations. To them were added labor boards, a congressional investigation, and the Supreme Court decision upholding the National Labor Relations Act. Executive, legislative, judicial, and administrative power was needed to redeem federal promises.

While the Wagner Act only belatedly became an administration measure, President Roosevelt and Secretary Perkins could point to other protective labor legislation enacted during the 1930's that won their enthusiastic endorsement. The federal government assumed unprecedented authority over such matters as child labor and wages and hours. Codes drawn under the National Recovery Administration set minimum wages and maximum hours. The Walsh-Healy Act of 1936 incorporated minimum labor standards in most contracts to which the federal govern-

ment was a party. And the Fair Labor Standards Act, passed in 1938, imposed a 40-cent minimum wage and 40-hour maximum week and forbade the employment of child labor in industries producing goods for shipment in interstate commerce. Consequently, between 1933 and 1938, spectacular union gains were matched by "an equally spectacular growth in federal protective labor legislation. . . ."[4] The principle behind both developments was the assertion of federal power to curb managerial prerogatives and shore up labor's power so as to redress the imbalance in labor-management relations.

REVOLUTIONARY POWER SHIFT

The labor movement, clearly, came of age during the New Deal. From less than three million members in 1933 it spurted to more than eight million by 1939. The growth and expansion of organized labor was perhaps the most striking phenomenon of the New Deal years. New laws and new agencies gave workers renewed hope. In a short span of time,

> American workers in the basic industrial sector of the nation witnessed the transformation of their bargaining organizations from relatively impotent bodies into equal partners in the industrial relations system. It is no exaggeration to say that there was a fundamental, almost revolutionary change in the power relationships of American society.[5]

Yet there were limits to this revolution. Farm workers, for example, were generally excluded from federal and state legislation protecting the right to organize. Nor did most field hands benefit from New Deal wages and hours laws. In California, industrialized agriculture—meaning large-scale operations, concentrated ownership, production for distant markets, and a huge labor force—presented many of the same problems that "pure" industrialization created elsewhere in the United States. But farm workers could not be organized into viable unions. Among many reasons for this failure one stood out: growers were unencumbered by restrictions on their antiunion conduct or by the compulsion to permit unionization.

California agriculture, as a result, was plagued by violently unstable labor relations during the 1930's. Intransigence on both sides fanned the flames of hostility and left hot embers of bitterness and resentment. In Arkansas, the New Deal's failure to ease the plight of sharecroppers was evidenced by the growth of the militant Southern Tenant Farmers Union. The S.T.F.U. managed to survive for several years but it was always more successful agitating than organizing. Sharecroppers, like migrant field hands, were the forgotten workers of the 1930's, unprotected by government and consequently susceptible to exploitation by their landlords and employers.

In industry, however, employers were compelled to share power, not only with unions but with the federal government. Adolph A. Berle, a member of Roosevelt's Brain Trust, has called the New Deal an "institutional revolution" which "shifted the major centers of economic power from private to public institutions." Management perceived this trend and fought tenaciously to avoid it, but to no avail. The worst depression crisis in American history found industrial workers, and ultimately most of middle-class America, unwilling to tolerate the unilateral exercise of power in labor-management relations. The Roosevelt administration, under relentless

(*Continued on page 365*)

[4] Elizabeth Brandeis, "Organized Labor and Protective Labor Legislation," in *Labor and the New Deal,* Milton Derber and Edwin Young (eds.), (Madison: University of Wisconsin Press, 1957), pp. 195–230.

[5] Walter Galenson, *The CIO Challenge to the AFL* (Cambridge: Harvard University Press, 1960), p. xvii.

After a stint at Queens College, **Jerold S. Auerbach** has recently joined the faculty of Brandeis University where he was a Florina Lasker Fellow in Civil Liberties and Civil Rights in 1963. His articles have appeared in *Labor History,* the *Wisconsin Magazine of History,* and the *Journal of American History.* In 1964, he received the Pelzer Award of the Mississippi Valley Historical Association.

While pointing out that wartime forces government to play a larger role in labor-management relations and manpower problems, this writer states that, in World War II, ". . . the vast adjustment of the labor force to the demands of the armed services and the war-production industries was accomplished with a minimum of federal control over civilian life."

Labor-Management in World War II

By Milton Derber
Professor of Labor and Industrial Relations,
Institute of Labor and Industrial Relations, University of Illinois

Major wars force democratic governments to intervene extensively in economic life.[1] The impact of World War II on American labor relations was, however, less sweeping than might have been expected because of the preceding New Deal programs that coped with the Great Depression and the emergency defense actions between the outbreak of the war in Europe in September, 1939, and our direct involvement in December, 1941.

Starting with the National Industrial Recovery Act in 1933, Franklin D. Roosevelt's New Deal gave to the federal government a role which it had not exercised outside of the railroad industry except during World War I. Both the executive and legislative branches had generally followed a hands-off policy, intervening only as a neutral peacemaker when industrial conflict disturbed the public. This policy had been supported, and indeed fostered, by the judiciary. Under N.I.R.A., however, the government not only gave official support to unionism and collective bargaining (the famous section 7a) but also encouraged the parties to develop, on an industry-wide basis, minimum standards of wages, hours and certain other employment conditions which were embodied in N.R.A.[2] codes. The Recovery Act was declared unconstitutional by the Supreme Court, but its labor relations principles were perpetuated and extended by the National Labor Relations Act, the Fair Labor Standards Act, and the Social Security Act.

In the defense period, on March 19, 1941, President Roosevelt established the tripartite National Defense Mediation Board to settle disputes in defense industries which could not be resolved by the Conciliation Service and other government agencies. During its 8-month career, only 118 cases were certified to the N.D.M.B. and only 86 cases were concluded by it, 4 by referral to the President. Nevertheless, the Board settled through mediation and recommendation a number of important disputes. It developed the principle that work should not be interrupted while its representatives were acting on a case. It gave organized labor and management invaluable experience in working together with public representatives on a governmental agency. And it taught the vital lesson, through its collapse in the bituminous coal

[1] Most of this article is based on my experience as a member and director of the research division of the National War Labor Board. I have also relied heavily on two books, the first of which I was co-editor and co-author: U.S. Department of Labor Bulletin No. 1009, *Problems and Policies of Dispute Settlement and Wage Stabilization During World War II* (Washington: Government Printing Office, 1951), and Joel Seidman, *American Labor from Defense to Reconversion* (Chicago: University of Chicago Press, 1953).

[2] The National Recovery Administration was founded to administer the N.I.R.A.

dispute over the union shop issue, that a consensus on basic policies was essential to a voluntaristic approach to dispute settlement.

As the nation became absorbed in the war, the federal government's labor program had to cope with four important challenges:

1. How to prevent and settle labor-management disputes which might obstruct production essential to the conduct of the war.

2. How to prevent price inflation as a result of the tremendous increase in the demand for goods and services while the supply of labor was severely curtailed because of the withdrawal from the labor force of millions of men for the armed services.

3. How to assure an adequate supply of competent labor for the industries which were essential to the war effort.

4. How to promote labor productivity and efficiency in a period of great dislocation of the nation's human and material resources.

These problems were difficult enough taken separately. But in combination they posed an even more complex challenge because their solutions often conflicted. For example, wage differences could be readily resolved if the employer was free to pass the higher cost to the public through price increases or to the government through a cost-plus contract. Such increases, however, encouraged an inflationary spiral which in turn encouraged workers to press for higher economic benefits.

It became clear that it was not possible to achieve maximum levels of labor peace, price stabilization, manpower allocation, and productivity simultaneously. The best that could be hoped for was a reasonable balance among these four goals.

THE NATIONAL WAR LABOR BOARD

The hub of the government's labor policy was the National War Labor Board, which was set up by Executive Order 9017 on January 12, 1942, in accordance with the recommendation of a union-management conference convened by President Roosevelt shortly after Pearl Harbor. The Board was given the job of settling labor disputes that might interfere with the smoothest possible operation of the war effort.

Three basic principles provided the Board's foundation. First was the principle of voluntarism. At the union-management conference, the leaders of the unions and the representatives of management agreed to refrain from strikes and lockouts during the wartime emergency. Many people in Congress and throughout the nation had called for legislation forbidding strikes and lockouts and setting up a system of compulsory arbitration. The idea of compulsory arbitration, however, had traditionally been repugnant to both labor and management groups. It is true that there was an element of compulsion behind the N.W.L.B. If any party failed to abide by the Board's decision, the latter could request the President to use his wartime powers and order government seizure of the plant. But the approach of the Board was to rely primarily on the union-management pledge and to turn to the President only as an extreme resort. Of the 17,650 cases decided by the Board only about 100 were referred to the President or to the Director of Economic Stabilization.

The principle of voluntarism received its greatest challenge in 1943 when the United Mine Workers, under the leadership of John L. Lewis, refused to accept the decisions of the N.W.L.B. or to respect the calls for compliance from the President. The U.M.W. was able to win important concessions through its strikes, arousing much public hostility as well as the resentment of other union leaders. Congressional debate over a more stringent dispute control policy led to passage of the War Labor Disputes Act in June, 1943, overriding a presidential veto. However, the Act mainly confirmed the authority and roles of the Board and the President. It authorized the President to use other sanctions in addition to plant seizure, such as removal of war contracts, essential materials, transportation, or fuel from an employer, deprivation of contract benefits from a union, and cancellation of draft deferment from an individual. The Act also specified that before a strike could be called in a war plant, the union must

give 30 days notice and a strike vote must be taken under government auspices among the employees. This latter provision was incorporated in the belief that strikes were largely the product of leadership strategy and that employees would not vote for a strike in time of war if given a secret ballot. Experience showed this view to be almost totally wrong.

The second major principle underlying the National War Labor Board was tripartitism. Instead of having only public representatives, the Board was composed of four employer, four union, and four public representatives, the first two groups being appointed by the President on the recommendation of the leading employer and union organizations. As N.D.M.B. experience had indicated, disputing parties were more likely to accept a governmental recommendation or order if outstanding men from their own organizations participated in the decisions. There were problems, especially because many employers and unions did not belong to the organizations which recommended the Board members. And there were some affiliated employers and unions who rejected the no-strike, no-lockout pledge as not binding on them. But, for the most part, the principle of tripartitism worked well until the latter part of the war period when the pressures for noncompliance became increasingly widespread.

The third principle of importance to the operations of the War Labor Board contrasted with practice during World War I and with most peacetime practice, namely that no attempt was made in advance of the establishment of the Board to work out a set of guidelines or general policies with respect to major issues. Perhaps the main reason for this was the inability of the union-management conference to resolve the union security issue which had destroyed the N.D.M.B. The Board followed the tradition of the common law by evolving policy through the consideration of numerous concrete cases. Perhaps the greatest achievement of the Board was its development of (1) the "maintenance of membership" policy as a compromise between the union shop and the open shop and (2) the Little Steel formula for controlling general wage changes. The "maintenance of membership" policy provided that employees would be given 15 days in which to decide whether or not to join or remain in the union; after that all union members would be obligated to retain their membership for the duration of a contract and the company would check-off their dues for the union.

The Little Steel formula reflected a similar spirit of judicious compromise and flexibility by rejecting the idea of an unrealistic wage freeze and providing that if any group of employees had failed to receive a general increase in average straight-time hourly earning of 15 per cent (equivalent to the rise in the cost of living between the base date of January 1, 1941, and May, 1942), that group would be permitted the amount needed to reach that figure. However, the employees could not get more pay unless they could make a justification based on some gross inequity or a substandard level of earnings.

WAGE AND PRICE STABILIZATION

The problem of controlling inflation did not emerge until the summer of 1941, when defense production pressures began to cause strains in different industries. The Consumer Price Index of the Bureau of Labor Statistics in March, 1941, was only 2.6 per cent above August, 1939, but by December, 1941, it was 12.1 per cent higher. The index of factory wage rates was estimated in March, 1941, to be only 4.9 per cent above August, 1939, but by December it was 16.8 per cent higher.

Initially, the focus of government policy was on price control, first on a selective and then on a general basis, in the hope that this would restrain the rise in costs. Thus the Emergency Price Control Bill of January 31, 1942, instructed the National War Labor Board and other government agencies concerned with wage decisions "to work toward a stabilization of prices, fair and equitable wages, and cost of production." The N.W.L.B.'s Little Steel formula was a response to this directive, which was reaffirmed and elaborated in the President's seven-point anti-inflation message to Congress of April

27, 1942. But the Board could affect wages only in those cases which were referred to it as labor disputes. All voluntary wage agreements or decisions were outside of its jurisdiction.

As the demand for labor mounted, employers responded by raising wages and benefits and in turn pressed government agencies to allow them to increase prices. Much of the war production was paid for directly or indirectly by the government itself. After several months of debate and experimentation, the need for general wage-price controls was fully recognized by the passage in Congress of the Stabilization Act of October 2, 1942, and the President's Executive Order 9250 of October 3, in which, among other things, the War Labor Board was given authority over all wage changes, voluntary or otherwise.

The Board was directed not to approve wage increases beyond September 15, 1942, levels unless such increases were needed to "correct maladjustments or inequalities, to eliminate substandards of living, to correct gross inequities, or to aid in the effective prosecution of the war." Under this directive the Board reviewed hundreds of thousands of applications for voluntary wage adjustments and decided thousands of disputes over wages.

THE O.P.A.

Perhaps the most difficult administrative problem arising under the Stabilization Act, however, involved the relationship between wage stabilization and price control. Responsibility for the latter function had been given to the Office of Price Administration, which was faced with tremendous pressures to allow price changes because of rising costs. Since wages were by far the largest single component of costs (at least two-thirds on the average) a Board decision approving higher wages often placed O.P.A. in a quandary. Some administration advisers argued that wage and price controls should be administered by a single "all-public" agency and that the Board should be limited to dispute settlement. They felt that the tripartite Board yielded too readily to wage pressures. But then settlement of crucial disputes would have been complicated by the regulations of an agency not directly involved.

The governmental policy was to entrust wage and price controls to two separate agencies and to subject both of them (as well as other economic units) to the coordinating authority of an Office of Economic Stabilization. A crisis which almost destroyed the Board as a tripartite organization in May, 1943, arose out of this wage-price division and the effort of the O.E.S. to restrain wage adjustments.

MANPOWER ALLOCATION

So large was the number of unemployed, plus other able-bodied people not part of the labor force at the start of the defense crisis, that a War Manpower Commission was not established until April, 1942, and a general shortage of labor did not result until the following year. From then until the end of the war, however, the problem of efficient allocation of labor provided a major challenge. With some 12 million men and women needed for the armed forces and several million more for the war production and transport industries, the nation was obliged to strain its human resources to achieve its goals. Nonetheless, the allocation task was accomplished with surprisingly little compulsion. Despite the requests of the military and, later, of the President himself, Congress refused to enact national service legislation to draft men for work where their skills were most needed.

The Manpower Commission at first had only an advisory role but by December, 1942, it had authority, through Executive Order 9279, to regulate the hiring of workers in critical areas and industries. The United States Employment Service, with its vast network of local employment offices, was made subordinate to the commission and helped implement its policies. Selective Service, the armed forces, and the War Production Board cooperated with it.

By and large, the Commission stressed voluntary acceptance of its policies, the utilization of the Employment Service, training

within industry, an end to hoarding and pirating of labor, and programs to facilitate the employment of women with children and of handicapped people. It tried other techniques as well. For example, the armed forces were persuaded to release about 25,000 men for work in the essential metal mining, aircraft, rubber, and foundry industries. "Certificates of availability," issued by the Employment Service, were required of workers in 35 essential industries before they could move to other jobs, although there were exceptions to this requirement. In several key areas, the Commission worked out an effective and significant joint program with the War Production Board in which the latter determined production priorities and the former developed a referral system and plant employment ceilings based on these priorities.

Although the War Labor Board was authorized to approve wage increases "to aid in the effective prosecution of the war," or for "rare and unusual" circumstances, the Board members were reluctant to become involved in the manpower area. Only a few cases were decided on this basis. In a few industries, like the Detroit tool and die industry, where employers used substantial wage increases as a device to induce skilled craftsmen to leave their competitors, the Board set up a commission to control the situation. Under pressure from the Manpower Commission and the armed services, the Board set up procedures to speed the processing of wage increase applications in the foundry industry which was low-paying and extremely short of labor. Relations between the Board and the other agencies concerned with manpower, however, never were well coordinated.

The Fair Employment Practices Committee was established on June 25, 1941, by Executive Order 8802 when Negroes under the leadership of A. Philip Randolph threatened a march on Washington to protest discriminatory policies in industry and government. At first the Committee functioned within the Office of Production Management, then in the War Production Board, and finally in the orbit of the Manpower Commission. Its job was to investigate claims of discrimination in training and employment in defense plants and to recommend necessary remedies. Lacking effective power to enforce its recommendations, the Committee relied on persuasion and publicity.

Pressure from politicians, industrialists, and union leaders against the Committee's public hearings became so great that the hearings were ordered postponed by the chairman of the War Manpower Commisison. But the counterpressures from Negro groups and their supporters led to the establishment of a new F.E.P.C. on May 27, 1943, under the chairmanship of Monsignor Francis J. Haas. The new Committee expanded activities for the remainder of the war period, holding 30 public hearings and investigating some 8,000 complaints. Although the pressure of the labor shortage was undoubtedly the major factor in reducing racial discrimination, the work of the F.E.P.C. provided the foundation for the permanent breakthrough in the postwar period.

INCREASING LABOR PRODUCTIVITY

During a war, industrial productivity (output per manhour) tends to drop because plants are obliged to produce new products, skilled men are lost to the armed forces, many recruits are unaccustomed to industrial life, new supervisors are required, and the flow of materials is often dislocated. The chief responsibility for industrial output was given to the War Production Board, which was established by the President on January 16, 1942, as successor to the Office of Production Management and the Advisory Commission of the Council of National Defense.

From the outset, labor played an important role in these organizations, largely because of the leadership of Sidney Hillman, president of the Amalgamated Clothing Workers Union and a close adviser of President Roosevelt. Hillman established a labor division within the Advisory Commission and expanded its operations when he became associate director general of O.P.M. However, after W.P.B. was formed, its head, Donald M. Nelson, preferred to see a separate manpower agency set up, and all manpower re-

cruitment, utilization, and training functions were transferred to the new War Manpower Commission. Thereafter W.P.B. played a much smaller role in the labor field.

One of the ways in which W.P.B. tried to increase labor productivity was through its War Production Drive under which it encouraged the formation of plant labor-management production committees to promote greater efficiency through consultation on absenteeism, health and safety, waste reduction, transportation, training, and other personnel matters. Between its inception in March, 1942, and the end of 1943, over 4,000 committees were put into operation. How much impact on productivity these committees had is highly problematic.

Both the War Labor Board and the War Manpower Commission also contributed to the productivity drive. On the urging of the W.P.B., the former, for example, adopted the policy of approving plant-wide incentive programs where the productivity effects clearly outweighed any inflationary possibilities. Prior to the war, labor had generally resisted such plans and W.L.B. refused to order incentive plans not agreed to by both parties. The War Manpower Commission aided productivity by continuing the O.P.M. training-within-industry program and by cooperating with W.P.B. and its plant labor-management production committees.

OVERALL ASSESSMENT

The success of the federal government's program for labor-management relations during World War II cannot be measured by a single index because of the problem of balance discussed early in this article. From Pearl Harbor to V-J day, some 14.7 thousand work stoppages involving 6.7 million workers and 36.3 million workdays occurred. But these stoppages affected only 0.11 per cent of available working time. Perhaps the most serious failing of the War Labor Board was its inability to keep pace with its vast workload, thereby prolonging many cases and increasing the pressures on it. Between January, 1941, and July, 1945, estimated straight-time hourly earnings of manufacturing workers rose 70.6 per cent while the cost of living increased 33.3 per cent. Compared with World War I, when no stabilization of wages was attempted, this record is very favorable; compared with World War II experience in other democratic countries, it is also satisfactory. On the manpower front, the vast adjustment of the labor force to the demands of the armed services and the war-production industries was accomplished with a minimum of federal controls over civilian life. One of the beneficial byproducts was the reduction of discriminatory practices against Negroes. In particular industries and areas, serious manpower problems occurred, but almost all of them were resolved under pressure. War production reached unprecedented levels and general output per manhour appears to have increased rather than declined.

Much of the difficulty which the nation experienced in labor relations was the result of the fragmentation of the federal government's program. Not until the last two years of the war was an adequate system of coordination approached and by that time the separate policies had become firmly engrained and changes were difficult to introduce. In general, however, the homefront war was waged with an extraordinary respect for basic democratic values and with extraordinary economic results.

During World War II, **Milton Derber** worked with the Office of Price Administration, the National Labor Relations Board and the National War Labor Board. In 1945–46, he served on the President's fact-finding boards for the General Motors and Pacific Coast Longshoremens labor disputes. At the University of Illinois since 1947, Mr. Derber has been a frequent writer in the field of labor-management. His most recent books are: *Labor and the New Deal* (Madison: University of Wisconsin Press, 1957), *The Local Union-Management Relationship* (Urbana: University of Illinois Press, 1960), and *Plant Union-Management Relations: From Practice to Theory* (Urbana: University of Illinois Press, 1965).

"The past two decades," notes this government specialist, "have . . . been years in which labor-management relations have accommodated to altered needs." There have been many changes for labor, management and government but "indications are," he concludes, "that collective bargaining has been meeting the test."

Labor-Management Since World War II

By Joseph P. Goldberg
Special Assistant to the Commissioner of Labor Statistics, Department of Labor

Public awareness that labor-management relations have been undergoing crucial tests in the two decades since World War II, unfortunately, has not been accompanied by an understanding of the actual state of these relationships at present.† The inherent nature of the workings of collective bargaining in labor-management relationships explains in part the contrast in comprehension. The private system of collective bargaining is an area in which there are, and will probably always be, contending forces influenced by interacting power relationships, economic pressures and public concerns.

The protagonists are not merely management and labor representatives; they include vocal outside representatives, including academicians, intellectuals formerly associated with trade unions, arbitrators, and, more broadly, the public at large. This helps explain the extensive literature on collective bargaining, replete with predisposed judgments on objectives, but failing to provide a basis for objective assessment.

Industry representatives and associations continue to place much emphasis on the strength of trade unions, pointing to industry-wide bargaining as producing crippling strikes. The labor unions continue to place much emphasis on the role of the Taft-Hartley and Landrum-Griffin Acts in contributing to the hamstringing of union organization. To some intellectuals associated with the ideological drive of the labor movement in the depression era, failures of the trade union movement and of collective bargaining are associated with the absence of increased organization of the labor force and the continued high level of unemployment in the face of technological change. The public role also comes in for its share of criticism—there are charges of excessive predilection for intervention in disputes and, varying with labor or industry orientation, charges that the wage-price guidelines are negative in effect, or serve solely to set a floor under union demands.

The environment in which collective bargaining operates, furthermore, is the product of manifold influences whose effects are difficult to delineate. In part, they are the product of the contending positions of labor and management, and of public concern reflected in the legislative drives that culminated in the enactment of the Taft-Hartley and Landrum-Griffin Acts. But the economic influences on bargaining relationships are at least as significant. For collective bargaining relationships in the postwar period have been con-

† The views expressed here are those of the author and are not to be interpreted as official positions of the Department of Labor.

fronted by a kaleidoscope of economic developments. These have included reconversion from wartime to peacetime conditions, periodic recessions, growing international competition, and domestic interindustry and geographic shifts.

Underlying influences involving intensified technological change, particularly in the form of automation, the development of new products, and the growth of the labor force need also to be taken into account in seeking to understand the present state of collective bargaining, and of applicable public policy.

The basic labor relations policy of the federal government continues to assure to every worker the right to join the union of his own choosing, and to foster the collective bargaining process. Trade unions, while declining in membership for much of the last decade, have maintained their role in collective bargaining and have increased their participation and influence in public affairs. There is growing evidence of maturity in labor-management relations in a number of major industries. The active encouragement given by the government to private labor-management relations has been reflected in the work of the President's Advisory Committee on Labor-Management Policy since 1961.

However, the problem of unemployment developing out of a rapidly growing labor force, complicated by substantial technological change and the growth of foreign competition, is an area in which collective bargaining can have only limited impact. Here, government has sought to assist the parties in reaching terms to permit accommodation to the altered economic situation. Labor unions and management have joined with government in supporting and in participating in the manpower programs designed to meet the problems of displaced workers and of youthful entries into the labor market.

Governmental policy affecting collective bargaining has developed to meet changing circumstances. The Taft-Hartley and Landrum-Griffin Acts added restrictions on unions' unfair labor practices to the restrictions on employers' unfair labor practices in the Wagner Act, and established standards for internal union administration. The Civil Rights Act included provision for equal opportunity for union admission as well as equal employment opportunity. Nonlegislative efforts have been directed through the President's Advisory Committee on Labor-Management Policy to enhancing the role of collective bargaining. Concern with the possibility of inflation has resulted in the wage-price guidelines formulation by the Council of Economic Advisers.

In summary, it may be said that collective bargaining has been put on its mettle to meet the requirements of a rapidly changing economy. The indications are that it has been meeting the test. Government policy has guarded the public interest, while collective bargaining and accompanying trade union institutionalism have been underwritten. This requires constant scrutiny to assure that public policy does not replace the workings of private arrangements, which would alter our democratic system.

THE TAFT-HARTLEY ACT

Developments at the end of the war demonstrated that collective bargaining was well established, unlike the situation at the end of World War I. The labor problems in 1946 were the result of a mixed situation in which collective bargaining, operating initially under a limited governmental wage-price program, assumed the burden of converting to a peacetime basis in the sphere of wages and working conditions. The numerous strikes of the period were over economic terms, not over issues of principle as they were in an earlier reconversion period.

While economic adjustments were increasingly left to the parties, the Wagner Act came increasingly under attack. The numerous stoppages during the reconversion period and the charges of labor bossism against John L. Lewis were important in providing a climate for the enactment of the Taft-Hartley Act by the Republican-controlled Congress in 1947, over President Harry S. Truman's veto.

The Wagner Act had encouraged the or-

ganization of unions and channeled their activities into collective bargaining. Co-sponsor of the new statute, Senator Robert A. Taft, stated that its intent was to "restore some equality between employer and employee so that there might be free collective bargaining." The Taft-Hartley Act reaffirmed the policy of encouraging collective bargaining and worker self-organization, but expressed the right of employees to refrain from such activities. To the Wagner Act's list of employers' unfair labor practices, the new statute added the unions' unfair labor practices.

Taft-Hartley provisions banned secondary boycotts and jurisdictional strikes. The scope of collective bargaining was affected by the banning of the closed shop, while the union shop was permitted. However, section 14(b) of the Act permitted the states to ban all union shop arrangements. Internal union affairs were affected for the first time through union security provisions dealing with excessive or discriminatory initiation fees, provisions requiring union officials to file non-Communist affidavits, and provisions for reports from unions on their administrative organization and finances.

The Taft-Hartley Act also contained provisions for the handling of "national emergency" disputes, that is, those adjudged by the President to "imperil the national health and safety." Under these, an 80-day injunction period was provided to delay strike action, during which a board of inquiry would report on the facts, but make no recommendation for settlement.

The unions characterized the Taft-Hartley Act as a "slave labor" law, and sought its repeal. Although it was held to require revision by its sponsors as well as its opponents, agreement on revision was unavailing. (One revision was made in 1951, when the requirement of a majority vote to validate union shop contracts was eliminated, following votes in which the union shop was almost universally supported.)

A number of developments prior to the next enactments in 1958 and 1959 require mention. The attainment of statutory recognition by trade unions and the union shop was accompanied by an increasing feeling that unions required public scrutiny and regulation. Students of labor-management relations and impartial practitioners called attention to the need for regulation. Professor Sumner Slichter of Harvard, in 1947, commented on the activities of unions affected with public interest, and called for government supervision of admission requirements, membership discipline and local union trusteeship. The American Civil Liberties Union in 1952 criticized union trial procedures, emphasizing particularly the absence of an impartial judiciary. Criticism of restrictive union admission practices relating primarily to Negroes had been the subject of study by the National Urban League as early as 1930.

NEED FOR REGULATION OF UNIONS

The A.F.L.-C.I.O. itself recognized the need for meeting situations of malfeasance and corruption. At the time of the merging of the two organizations in 1955, ethical practices codes were developed and an Ethical Practices Committee was established. These resulted in the expulsion of the Teamsters union and two others in 1957. Expulsion, however, served to point to the continuance of abuses.

The abuses were the subject of Senate committee investigations of welfare plans in 1954–1956, and of 270 days of hearings by the McClellan Committee from 1957 to 1959. These hearings demonstrated corruption and collusion with management officials on the part of some union officials in a few unions. The general climate included claims that union strength had made for inflation, placing American producers in a disadvantaged position to compete in foreign markets. Out of these hearings came two statutes. The first, in 1958, was the Welfare and Pension Plans Disclosure Act, enacted in view of the growth of pension plans, and the substantial funds involved. Originally merely requiring reporting, the Act was strengthened in 1962 with A.F.L.-C.I.O. support to provide sanctions for violation.

The Landrum-Griffin Act, enacted in

1959, reaffirmed the right of workers to organize and select their own bargaining representatives. However, it set forth a new principle to apply to the internal affairs of unions, namely, that "it is essential that labor organizations, employers, and their officials adhere to the highest standards of responsibility and ethical conduct in administering the affairs of their organizations, particularly as they affect labor-management relations." A Bill of Rights of Members of Labor Organizations sets forth standards to protect individual rights within a union, including participation in union affairs; procedures for charging dues and assessments; right to sue or testify against the union and its officers; and safeguards against improper disciplinary action. Action to enforce these rights can be taken in federal district courts.

There are reporting requirements for unions, union officials, union employees, and employers to cover unethical relationships, as in the case of investments and conflicts of interest. Standards are set to prevent abuse in the exercise of trusteeships over local unions by national unions. Other provisions cover standards for union elections and requirements for union officers as a safeguard for labor organizations.

One section of the Act amends the Taft-Hartley Act, seeking to make more effective the provisions relating to secondary boycotts, organizational picketing and hot cargo clauses. At the same time, provisions were written into the Act meeting special circumstances in the building construction and apparel industries.

The effect of the new statute, like that of the earlier one, cannot be measured directly. It is clear, however, that the legislation remains a source of dissatisfaction. The A.F.L.-C.I.O. at its 1963 convention renewed its charge of unfairness against the Taft-Hartley Act, adding charges that the Landrum-Griffin Act, particularly the "Bill of Rights," had "operated largely to invite frivolous, unwarranted, costly and harassing litigation requiring most careful handling by the courts to prevent damage to traditional and democratic union structures and procedures." A disinterested study of experience under the Act concludes that:

> All in all, the unions and their leaders can read the reports of the Bureau of Labor-Management Reports with satisfaction and assurance that the standards of democracy and the rights of members are at least as high within labor organizations as in any other institution in our society.[1]

Note should also be made of the provisions in the Civil Rights Act of 1964 for an Equal Employment Opportunity Commission whose responsibility is to oversee the enforcement of the Act's provisions against discrimination by unions and employers against individuals because of race, color, religion, sex, or national origin. The active support given by the A.F.L.-C.I.O. to this "Equal Employment Opportunity" provision of the Act followed a long history of efforts by the organization to improve employment opportunities for Negroes.

At the 1963 convention, it was reported that 111 of 130 international unions had no segregated locals of any kind, with 172 segregated locals in the remaining 19 unions out of a total of 15,000 A.F.L.-C.I.O. local unions. A resolution was adopted calling on every affiliate "to establish a vigorous civil rights program of its own, geared to the banishment of every form of discrimination based on race, creed or color from its own ranks," and "to seek the inclusion of effective antidiscrimination clauses in all collective bargaining agreements." Following the convention, the A.F.L.-C.I.O. launched a pilot project in several cities in which representatives of the A.F.L.-C.I.O. civil rights department went into the cities to assist in the elimination of discrimination at the grass roots.

POLICY ON DISPUTES

Legislative provisions in the federal sphere for dealing with disputes are found in the Railway Labor Act and in the Taft-Hartley Act. The former, applicable to both railway and air transport, has come in for criticism over the years as having put an end to collec-

[1] Industrial Relations Research Association, Regulating Union Government, Publication No. 31, 1964.

tive bargaining, and leading to complete reliance on government. The necessity in August, 1963, of enactment of the bill providing for compulsory arbitration of the complex and prolonged work rules dispute between leading railroads and the operating brotherhoods reflected the nadir of the functioning of the Railway Labor Act. The traumatic experience should prove of lasting memory for, as Secretary of Labor Wirtz has said: "It became clear in that experience how widespread the feeling is that governmental 'interference' with collective bargaining must be avoided at almost any cost. . . ."[2]

Reference has been made to the national emergency strike provisions of the Taft-Hartley Act. There has been much dissatisfaction expressed with the workings of these limited provisions. Applied in 24 situations between 1947 and 1964, work stoppages occurred in 19 before or after the machinery was invoked, with work stoppages in 7 situations after the injunction period was terminated.

Governmental efforts to improve the state of labor-management relations without recourse to statutory arrangements are an integral part of policy. The reports of the President's Advisory Committee on Labor-Management Policy from 1962 on have been provided with valuable consensuses by the public, labor and management participants. "Unanimous agreement that collective bargaining is an essential element of economic democracy," as President John F. Kennedy stated in the Committee's report on Free and Responsible Collective Bargaining and Industrial Peace, "is a mark of our progress as a nation when contrasted with the disagreements on this subject in the not too distant past."

Important recommendations have related to mediation, freedom of choice elements in collective bargaining, public responsibility in collective bargaining, third party assistance, and improvements in national emergency strike procedures. The reports of the committee have also dealt with such complex matters as "The Benefits and Problems Incident to Automation and Other Technical Advances," "Policies Designed to Ensure that American Products are Competitive in World Markets," and "Statement on Fiscal and Monetary Policy." This is not to say that there were no differences, for some members contended that concentration of union power impaired effective collective bargaining, while union representatives countered with the position that whatever threat there was derived from corporate power concentration. The consideration of mutual problems, however, went a long way toward setting an example on a broad national basis of that continuing consideration of complex problems which is increasingly sought after in plant, company and association bargaining relationships.

ECONOMIC POLICY

There has been a growing governmental concern with the content of the outcome of negotiations. The concern with the maintenance of price stability, in the face of growing foreign competition and balance of trade considerations, has been a basic factor in the development of wage-price guides enunciated by the Council of Economic Advisers. This began with a hortatory expression in the President's Economic Report in 1959 that, "Governmental policies must be supplemented by appropriate private actions, especially with respect to profits and wages." The 1962 report contained specific guideposts regarding wages and prices.

The development of the guideposts points to the fact that collective bargaining is an integral element in economic policy. On this, there is undoubtedly universal agreement today. The mechanism of the guideposts, however, is subject to substantially divergent views. In the academic community, Professor J. K. Galbraith has recently heralded the guideposts as "central to the defense of the dollar. And they are important too for domestic tranquility and our reputation for good economic management. . . ." On the contrary, "Once the Government looks to trade unions and business firms to stave off

[2] W. Willard Wirtz, *Labor and the Public Interest* (New York: Harper & Row, 1964), p. 36.

inflation," says Professor Arthur Burns, "there is a danger that it will not discharge its own traditional responsibility of controlling the money supply and of maintaining an environment of competition."

Labor and management have expressed uncertainties. Walter Reuther of the U.A.W. has recently stated that the guideposts are "dangerously negative in character," criticizing the Council for rigid application of the guideposts and for its failure to consider the effect of rising prices in creating an imbalance between workers' wages and purchasing power.[3] Secretary of Commerce John T. Connor, while supporting the guideposts, has stated that:

> Many businessmen complain privately that the wage guidepost of an average yearly increase of 3.2 percent has really become the minimum expected by labor leaders in their negotiations. . . . They say that no sensible management official will reduce prices based on past profits, but will insist that he will want to know what his wage and other cost projections will be in the months ahead, as well as the possible market for his products.

IMPACT OF POLICY

What has been the impact of these policies on trade unionism and on collective bargaining? A direct answer cannot be given because, as indicated earlier, these interact with a complex set of influences. However, a few observations on trends should provide a meaningful perspective to the elements of public policy.

Generally, the climate for collective bargaining since 1947 has been favorable. For much of the period, the economy has been on the uptrend with relatively minor recessions, and income and price levels have been largely unaffected. The persistence of a high, albeit declining, level of unemployment, ranging from a maximum of 6.8 per cent in 1958 to 5.2 per cent in 1964, has added a disturbing factor. This has had its impact particularly in making for difficulty in resolving disputes which have involved the impact of technological change on established work rules and manning arrangements. However, the incidence of strikes has been relatively low, with but a small fraction of total worktime in nonagricultural establishments (generally under one-half of one per cent) directly involved in strikes since 1947.

Stability in labor-management relationships is not merely to be defined as an absence of strikes. The past two decades have also been years in which labor-management relations have accommodated to altered needs. Despite the stiffening of employer attitudes with intensified competition at home and abroad, the vast majority of collective bargaining relationships have continued to function without interruption.

It is estimated that there are approximately 150,000 contracts in force in the United States. The approximately 1,800 agreements each covering more than 1,000 workers generally involved either multiplant company contracts or contracts with associations of employers. The contracts reflect the evolving nature of the collective bargaining relationship. They have become increasingly complex.

The developments in collective bargaining are too numerous to detail here. Broad trends as well as individual experimentations have occurred in the bargaining relationship. The role of private pension and insurance funds is the outstanding example of a development attributable to collective bargaining stimulated by a favorable tax policy and the failure of federal Social Security levels to keep pace with living costs. Improved vacation and paid holidays are widespread developments.

There were important innovations in leading bargaining situations. In the auto industry, in 1948, the U.A.W. and General Motors negotiated a wage agreement providing for wage increases tied to a combination of productivity factors and adjustments tied to the B.L.S. Consumer Price Index. In 1953, in this industry again, an agreement established a plan for supplementary unemployment benefits. More recently, in 1963, the steel industry negotiated an extended vacation—3 months off every 5 years—for long-service

[3] See statements appearing in Hearings Before the Joint Economic Committee on the January, 1965, Report of the President (89th Congress, 1st Session).

workers. Another growing development, reflected notably in the 1963 automobile agreement, was the growing trend for special early retirement provisions.

The growing complexity of the issues confronting the parties has resulted in new departures in collective bargaining techniques designed to provide the opportunity for continuing consideration of the growing and complex problems of the 1960's. The human relations committee in the steel industry was an outstanding instance. Out of such protracted consideration developed the Armour plan, the West Coast longshore agreement, and the East Coast N.M.U. agreement establishing mechanization or automation funds and the Kaiser Steel cost savings plan.

At least summary mention must be made of the state of the trade unions whose function it is to represent their members in collective bargaining. The unions have pointed to the Taft-Hartley Act and the state "right to work laws" in explaining the absence of growth in the labor movement in the postwar period. Specifically, the statistical data reported by the Bureau of Labor Statistics show union membership as averaging about 14.3 million per year between 1945 and 1950, rising to a peak of about 17.5 million in 1956, gradually declining to 16.3 million in 1961, and then rising again in 1962 to 16.6 million for the sharpest gain since 1956. Even more significant than the absolute decline, has been the failure of union membership to keep pace with the rising labor force—union membership declined from 24.8 per cent of the civilian force in 1956 to 22.2 per cent in 1962. Equally significant is the decline in the nonagricultural sector—33.4 per cent of the nonagricultural labor force in 1956 to 29.7 per cent in 1962.

Two countering considerations should be set forth in assessing this trend. First, this period has been one in which the influence of trade unionism has grown and has been felt on many issues of consequence to the domestic economy and foreign policy. Second, the influences retarding growth in union membership have been several. While the presence of state "right to work laws" under the stimulating influence of section 14(b) may have helped retard growth in unorganized areas, other influences have also contributed. The economic position of industries, as in the case of coal and railroads, with consequent employment effects, is one. Technological change intensifying the employment effects of reduced demand, particularly on blue collar jobs, is another. Shifts of industry location to nonunion areas, and growth in occupations which have not heretofore been prominent in union organization, are others.

Perhaps, more than any other, the problem for union growth is one of growing employment opportunities. Real gross national product increased 80 per cent between 1947 and 1964; a major contributing factor was the increase of 70 per cent in output per man-hour in the private economy. The civilian labor force increased 23 per cent in the period, while manufacturing employment only rose 12 per cent. The latter increase was primarily among the nonproduction workers such as technicians, researchers, sales and other administrative positions.

The altering pattern of interindustry and geographical relationships, accompanied by shifts in employment distribution as the civilian labor force continues to burgeon, is a challenge to the trade unions, as it is for management, and is, indeed, an overall governmental concern. The trade union responsibility is that of providing a balance, through the representation of the views and interests of its members, to the economic influence of employers and corporate managers. The success of this representation is recog-

(*Continued on page 365*)

Joseph P. Goldberg has had extensive experience with governmental policies in the areas of wage stabilization and dispute settlement, and has represented the United States government at sessions of the International Labor Organization. He is the author of *The Maritime Story: A Study in Labor-Management Relations* (Cambridge: Harvard University Press, 1958) and a frequent contributor to professional journals.

In tracing the history of the development of a strong constitutional authority in regard to labor-management relations, this author notes that, "by the 1960's, there seemed little question of the constitutional authority of the government in the labor-management field, although it also seemed more and more clear that the umpire would have to officiate with a scrupulous detachment, seldom present in earlier eras."

Labor-Management Relations: Constitutional Assumptions

By Paul L. Murphy
Associate Professor of History, University of Minnesota

Few Americans would have difficulty tracing the basic concepts—the rights to life, liberty and the pursuit of happiness, or the belief that men are created equal—to 1776 and the Declaration of Independence. Many would have great difficulty in relating certain other basic elements within our beliefs—economic individualism, freedom of contract, and the idea that personal rights stem from property rights—to an event of the same year, the publication of Scotsman Adam Smith's *Wealth of Nations*. Yet in the shaping of American attitudes toward our economic interrelationships, the concepts of Smith have often been fully as important as those of the Declaration, and are central to an understanding of the historic relationship among management, labor and government in the American experience.

The Constitution of the United States was written by men, many of whom were familiar with Smith's view, and while that remarkable document did not seek to settle upon the people of the United States any predesignated economic system, it served well to create conditions in which the agrarian capitalism of that day could flourish. Further, in a preindustrial society there was little need for positive governmental intervention in the economic relationships among private individuals. Until the rise of an advanced technology and a complex and impersonal factory system, men were to a considerable extent free to sell their labor on their own terms, to bargain personally with the boss when arriving at a work contract. And since the acquisition of property was a comparatively simple process for a normally ambitious man, he could subscribe with enthusiasm to Daniel Webster's injunction that "Property . . . is the fund out of which the means of protecting life and liberty usually are furnished," and could agree with his employer that property rights were thus beyond qualification.

However, theories of economic individualism and *laissez faire* quickly began to lose touch with reality as the American economy became more complex. The development of industrialism produced a marked change in the relations between employers and employees. The former, personal, relationship dissolved in the huge size of the operations which overtook American industry and in the everincreasing size of the labor force which it demanded. Other factors included the wholesale importation of immigrant workers, whose living standards abroad frequently permitted them to undercut American workmen in competing for a job. Thus, American workingmen soon turned to union organiza-

tion and to state intervention in their attempt to attain an equitable bargaining situation under these new circumstances. The pressure of these developments obliterated the pattern of individual liberty, economic individualism and freedom of contract.

However, reality and tradition did not square, and management preferred to go on dealing with labor as if conditions conducive to individual liberty and freedom of contract still prevailed. Furthermore, management attempted, with considerable success, to draw the law behind it to support its position. Labor, on the other hand, drew fairly substantial support for its position that the police power of the states—their responsibility to protect the health, safely and morals of citizens—carried with it the right to restrict freedom of contract in the interests of the general welfare. The constitutional history of labor-management relations, therefore, is a history of the struggle for the predominance of one or the other of these two concepts. Until the late 1930's, the former prevailed. Since the "constitutional revolution" of the late 1930's, however, labor's position has gained a measure of legal vindication.

USE OF THE INJUNCTION

The history of management's attempt to curtail labor's power has two legal roots deep in the past. Anglo-Saxon common law had long embodied the concept that a combination intended to effect an unlawful purpose, or a lawful purpose by unlawful means, was a punishable criminal conspiracy. Further, for centuries, in Anglo-Saxon courts, a "nuisance" could be enjoined in order to prevent irreparable injury to property.[1] Neither of these elements in itself was sufficient to meet the problems labor posed for management, but a harmonizing of the two soon became a device for the legal destruction of labor unions. And although a Massachusetts judge, Lemuel Shaw, had in 1842 attempted to soften the indiscriminate application of such a legal doctrine,[2] he left open the question of whether union *activities* could be so construed as to warrant enjoinment by formal injunction.

Business moved to exploit this loophole, and as a legal institution, the labor injunction grew in use, reaching maturity in 1895 when, in the famous Debs cases, the Supreme Court sanctioned an injunction by which the nationwide Pullman Strike of that year was broken by the government.[3] Thereafter, the labor injunction became a customary weapon in the strategy of American industrial conflicts and to bolster it the Supreme Court in 1908,[4] and again in 1910,[5] brought labor under the restrictions and sanctions of the Sherman Anti-Trust Act and authorized the use of the injunction as a device to prevent labor from taking actions which that act proscribed.

The first administration of Woodrow Wilson, however, which had been elected on a plea to bring justice into labor-management relations, attempted to blunt these legal weapons through federal legislation. Two provisions of the Clayton Anti-Trust Act of 1914,[6] sections 6 and 20, limited "government by injunction" which labor leaders were protesting with growing vigor. The new law provided that the only ground for the issuance of an injunction in a labor dispute was to prevent irreparable injury to property. Similarly, the act exempted labor from the application of the antitrust laws, maintaining that labor organizations and their members did not come under the category of illegal combinations in restraint of trade. In addition, the act legalized strikes, peaceful picketing and boycotts. Labor hailed it as its Magna Carta and looked to a new day.

The spirit of the Wilson administration, however, died in many ways with the termination of World War I. In the 1920's, a conservative, management-oriented Court virtually deprived the provisions of the Clayton

---

[1] See Felix Frankfurter and Nathan Greene, *The Labor Injunction* (New York: Macmillan, 1930), p. 20 ff.

[2] Commonwealth v. Hunt, Mass. Reports, 4 Metcalf 45 (1842).

[3] U.S. v. Debs et al, 64 Fed. 724 (1894); *In re* Debs, 158 U.S. 564 (1895).

[4] Loewe v. Lawlor, 208 U.S. 274 (1908).

and again in 1910,[5] brought labor under the

[5] Gompers v. Buck Stove and Range Co., 221 U.S. 418 (1910).

[6] *U.S. Stat. at L.*, XXXVIII, 731, 738 (1914).

Act of their meaning by ruling in the Duplex case (1921)[7] that the Act was not a blanket exemption of labor from the antitrust laws. It merely protected unions, said the Court, in "lawfully carrying out their legitimate objects," making it clear by implication that those objects would be sharply narrowed through judicial interpretation. In addition, the Court made it clear that unwarranted activities could be stopped by injunctions, despite the Act's seeming exemption from such restrictions.

As if to emphasize their joy in being again so unencumbered, various levels of courts, during the famed railway shopmen's strike of 1922, issued nearly 300 injunctions against a wide variety of labor activities, even closing down labor newspapers, and eventually bringing labor to its knees in its struggle with management.[8] The process continued through the decade in lesser controversies. At the same time the Court struck down a state anti-injunction law in Arizona,[9] thus leaving state courts free also to enjoin union activities upon request.

LABOR'S APPEAL

In the meantime, labor and its growing body of champions had been doing far more than awaiting the outcome of court cases involving the application of injunctions or the punishment for their defiance, or praying for congressional relief. Hamstrung in this path to a better bargaining position, they had early turned to the legislative process and had begun seeking a variety of public restrictions which would impose basic prior conditions for negotiation of a work contract. Thus maximum hour laws, first for women, later for both sexes, were introduced in many states. Although much slower to come, minimum wage legislation gained numerous supporters by the second and third decades of the twentieth century. Restrictions against child labor had a history starting in the nineteenth century at the state level, augmented by a federal Child Labor Act on the eve of World War I.

The hated "yellow-dog" contract, in which a workman had to agree to refrain from joining a labor union as a condition for employment, was outlawed in a number of states and again by federal law in the Erdman Act of 1898. In addition, numerous states struck at conditions over which workmen had little opportunity to bargain, enacting factory inspections laws, industrial safety statutes, employer liability and workmen's compensation provisions, and setting up state labor departments as fact-finding and enforcement agencies. An independent Department of Labor was created as a part of the federal cabinet in 1913.

Management quickly aimed its heaviest fire at such legislation and drew in the courts to support it, encouraging them to use all appropriate constitutional ammunition to prevent such a ruthless assault upon the rights of private property and such a flagrant violation of economic liberty and freedom of contract. And, in many areas, the courts were willing allies. Freedom of contract was virtually incorporated into the constitution through the due process clause of the Fourteenth Amendent in a case in 1897,[10] —the Court defining "liberty" (as guaranteed by that clause) to include the liberty of the individual to enter into contracts without state interference. Although this legal theory originated in a case involving an insurance company, it became identified chiefly with labor contracts. In essence, the Court posited two propositions: (1) that there was an essential equality of bargaining power between an individual and his employers, and (2) that any interference by the state with this equitable arrangement was unreasonable and violated the individual's liberty without due process of law. Labor, on the other hand, likened its effect to that of a mouse bargaining with a cat.

With this sharp-edged tool, the courts

---

[7] Duplex Printing Press Co., v. Deering, 254 U.S. 443 (1921).

[8] See George W. Pepper, "Injunctions in Labor Disputes," *Report of the American Bar Association,* Vol. XLIX, 1924, pp. 174–180; See also Irving Bernstein, *The Lean Years: A History of the American Worker, 1920–1933* (Boston: Houghton Mifflin, 1960).

[9] Truax v. Corrigan, 257 U.S. 312 (1921).

[10] Allgeyer v. Louisiana, 165 U.S. 578 (1897).

launched a bitter assault upon a wide variety of state regulatory legislation, striking at maximum hours in *Lochner v. New York* (1905)[11]—although later, following vigorous public protest, it grudgingly authorized a minimum of control in this area; throwing out minimum wage legislation for women in *Adkins v. Children's Hospital,* (1923)[12] by insisting that although there was "no such thing as absolute freedom of contract . . . such freedom is nevertheless the rule and restraint the exception." Supreme Court Justice George Sutherland, in his arguments, made much of the fact that the Nineteenth Amendment had given women legal equality with men so that they could now bargain as freely as men and should have the same freedom of contract which men enjoyed—a position to which Justice Oliver Wendell Holmes replied, saltily:

> It will take more than the 19th Amendment to convince me that there are no differences between men and women, and that legislation cannot take those differences into account.

State anti-yellow-dog contract laws also fell under judicial axe in *Coppage v. Kansas* (1915) and in the 1920's, hundreds of less direct pieces of state police power legislation, many geared to advancing the general welfare of the state through improving the workingman's position, also fell before judicial interdict.[13]

The due process clause of the Fourteenth Amendment, however, was an effective restriction only against state legislation. To deal with federal invasion of the management-labor sphere, the courts needed other tools. These, again, were evolved from certain constitutional provisions. Federal anti-yellow-dog contract legislation was ruled a violation of the due process clause of the Fifth Amendment.[14] The Child Labor Law of 1916, which had been based on Congress's power to regulate interstate commerce, was ruled unconstitutional on two counts. First, according to the Court, the commerce clause had to be interpreted narrowly and could not be projected to encompass local activities, even though such local activities did have an effect upon interstate operations. Secondly, the Tenth Amendment to the Constitution explicitly prevented the federal government from using its implied power to enter areas clearly reserved to the states.[15]

A substitute child labor law was then enacted by Congress in 1919, based on the federal taxing power, but in 1923 the Supreme Court struck it out with an equally narrow definition of the permissible limits of federal authority based upon that clause.[16] Thus, by the late 1920's, freedom of contract, at least to the extent that business could deal with labor on its own terms with little interference from effective unions or from state legislation, was the predominant theme of labor-management relations.

It was not until the depth of the depression in 1932, when Congress enacted the Norris-LaGuardia Anti-Injunction Act,[17] that labor gained some relief. In that measure, still the basis of much labor law today, Congress belatedly recognized the fact that under prevailing economic conditions, an individual worker was unable to "exercise actual liberty of contract," or to "protect his freedom of labor." It announced further, that it was necessary for the laboring man to be granted:

> full freedom of association, self-organization, and designation of representatives of his own choosing to negotiate the terms and conditions of his employment, and that he . . . be free from the interference, restraint, or coercion of employers . . . in his activities for the purpose of collective bargaining or other mutual aid or protection.

The courts were denied the right to issue injunctions contrary to this policy in any labor dispute.

More specifically, they were denied the right to issue injunctions that would uphold yellow-dog contracts, or would prevent work stoppages, joining of unions, payments of benefits or insurance monies to men on strike,

---

[11] 198 U.S. 45 (1905).
[12] 261 U.S. 525 (1923).
[13] See Alfred H. Kelly and Winifred A. Harbison, *The American Constitution* (Third Ed.; New York: Norton, 1963), pp. 703 ff.
[14] Adair v. U.S., 208 U.S. 161 (1908).
[15] Hammer v. Dagenhart, 247 U.S. 251 (1918).
[16] Bailey v. Drexel Furniture Co., 259 U.S. 20 (1922).
[17] *U.S. Stat. at L.,* XLVII, 70 (1932).

lawful aid to persons on trial, union publicity, and peaceable assemblies. They were further denied the right to issue an injunction on the ground that any person engaged in a labor dispute was engaging in an unlawful combination or conspiracy. In addition, the courts were denied the right to issue any injunctions until, after hearing testimony in open court, they were satisfied that unlawful acts had been threatened and would be committed unless restrained, that substantial and irreparable damage to property would occur for which no adequate remedy at law existed, and that public officers charged with the duty of protecting property were unable or unwilling to furnish protection.

The Norris-LaGuardia Act thus put an end to labor's four-decade struggle to obtain recognition of its right to organized existence and its efforts to free itself from the restrictions placed upon it by court orders. For the first time, the government took a meaningful positive step which seemed to put it on the side of the laboring man. . .

The Norris-LaGuardia Act's restrictions on the labor injunction and the yellow-dog contract encouraged labor to renew its attempts at assistance through legislation. And while few states wished to place rigorous restrictions on hours and wages in a disturbed economic era, such legislation was nonetheless enacted in varying areas due to labor's pressures. Management, itself economically beleaguered, found it generally more expensive to go to court to challenge such laws than to find more subtle ways to soften their application.

THE NEW DEAL

The New Deal proved to be just that in the whole labor-management field. Labor leaders demanded and got from President Franklin Roosevelt and his "brains trusters" major concessions at the outset in Section 7a of the National Industrial Recovery Act of 1933.[18] In that famous portion of that infamous law, labor was guaranteed the right to organize and bargain directly through representatives of its own choosing, and to be

> free from interference, restraint or coercion of employers . . . in the designation of such representatives . . . or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

Further, the act specified that no employee and no-one seeking employment could be required, as a condition of employment, to join any company union, or to refrain from joining a labor organization of his own choosing.

A Supreme Court, still oriented toward older ideas of freedom of contract, economic individualism and *laissez faire,* responded almost instinctively, however, ruling the entire act unconstitutional for utilizing far too broad an interpretation of Congress's power to regulate interstate commerce.[19] And when certain of the provisions of 7a were later incorporated in a narrow substitute act affecting working men in the coal industry, the Court's response was similar.[20]

The National Labor Relations Act of 1935,[21] however, frequently called the Wagner Act after one of its authors, Senator Robert Wagner of New York, sought boldly and courageously to separate the labor provisions of N.I.R.A. from its strongly denounced industrial sections. And the completed measure, again based upon a broad and expansive interpretation of the commerce clause, not only provided again for collective bargaining and freedom of labor from undue harrassment in bargaining conditions, but created a new National Labor Relations Board with power to determine appropriate collective bargaining units subject to elections it supervised at the request of the workers; to certify the duly chosen trade union, and to take testimony about their employer practices. In addition, the N.L.R.B. was authorized to issue cease and desist orders when unwarranted employee discrimination could be demonstrated.

Business leadership promptly challenged the entire measure due to its expansive commerce base, and a special committee of lawyers from the Liberty League promptly and gratu-

[18] *U.S. Stat. at L.,* XLVIII, 211 (1933).

[19] Schechter v. U.S., 295 U.S. 495 (1935).

[20] Carter v. Carter Coal Co., 298 U.S. 238 (1936).

[21] *U.S. Stat. at L.,* XLIX, 449 (1935).

itously proclaimed the whole measure unconstitutional and advised management to ignore its provisions.[22]

One of the central issues, then, in Franklin D. Roosevelt's vigorous battle with the Supreme Court in 1937 involved the right of the government, constitutionally, to play a major role in the labor-management relations field. And if Franklin Roosevelt lost the immediate battle with Congress in his desire for reforming the Court, he won the day, constitutionally, as far as labor and unions were concerned. In a dramatic reversal of its previous position, the Court in the famous 1937 case, *N.L.R.B. v. Jones and Laughlin Steel Company,*[23] not only sustained the constitutionality of the Wagner Act, but did so through broadening the application and meaning of the commerce clause to include a wide variety of what had formerly been maintained to be local activities, placing them under permissible federal authority. In fact, in subsequent cases involving the jurisdiction of the National Labor Relations Board, the constitutional question quickly became the nature of commerce, in due time a question which became harder and harder to answer as the Court extended authority into areas so remote from actual interstate operations as to make former distinctions virtually meaningless.[24]

But the constitutional shift of 1937 was not merely confined to expanding the authority, jurisdiction and power of the National Labor Relations Board. Almost simultaneously with the *Jones and Laughlin* decision, the Court waved aside due process restrictions and validated a Washington state minimum wage law, and by implication wiped out further constitutional inhibitions on such legislation.[25] In fact, by the late 1930's, freedom of contract had been legally disentangled from the due process clause and become discarded doctrine.

When Congress moved to bolster local wage and hour legislation with a national Fair Labor Standards Act,[26] creating uniform national standards in these areas, and also striking vigorously at child labor, the Court again found constitutional ways to approve such a move, relying once more upon a broadened concept of the commerce clause. Further, in the major constitutional challenge to the law, *U.S. v. Darby* (1941)[27] it eliminated the Tenth Amendment as a constitutional weapon through which to strike at federal intervention into the economic realm.

Like the Wagner Act, after initial validation the principal constitutional question regarding the F.L.S.A. became the extent of coverage of the law, with the Court going so far in one extreme case as to maintain that window washers in buildings were covered as being "in commerce" since they washed windows on buildings in which there were offices of companies a portion of whose business went across state lines.[28] Again the question of the nature of commerce, given such judicial expansiveness, became the difficult one.

But the Court of the late 1930's and early 1940's not only vindicated New Deal legislation involving labor, it reinterpreted older statutes to bring them into harmony with modern times. In *Apex Hosiery v. Leader,*[29] (1940), Justice Harlan Stone sharply curtailed the application of the antitrust laws to unions. Previously, in order to establish the liability of unions under the measures, it was necessary to prove only that there existed an intent to restrain interstate commerce, coupled with a direct and substantial restraint. Stone ruled that it had to be shown that the union's activities were intended to

[22] See George Wolfskill, *The Revolt of the Conservatives: A History of the American Liberty League, 1934–1940* (Boston: Houghton Mifflin, 1962), p. 70 ff.

[23] 301 U.S. 1 (1937). See James M. Smith and Paul L. Murphy, *Liberty and Justice: A Historical Record of American Constitutional Development* (New York: Knopf, 1958), pp. 423–437.

[24] See Kelly and Harbison, *op. cit.,* pp. 764–66; see also Richard C. Cortner, *The Wagner Act Cases* (Knoxville: Univ. of Tennessee Press, 1964).

[25] West Coast Hotel v. Parrish, 330 U.S. 379 (1937).

[26] *U.S. Stat. at L.,* LII, 1060 (1938).

[27] U.S. v. Darby, 312 U.S. 100 (1941).

[28] Martino v. Michigan Window Cleaning Co., 327 U.S. 173 (1946). See also E. Merrick Dodd, "The Supreme Court and Organized Labor, 1941–1945," *Harvard Law Review,* Vol. LVIII (September, 1945), pp. 1018–1071; and "The Supreme Court and Fair Labor Standards, 1941–1945," *Harvard Law Review,* Vol. LIX (February, 1946), pp. 321–375.

[29] 310 U.S. 469 (1940). See also Elias Lieberman, *Unions Before the Bar* (New York: Harpers, 1950).

have, or did have, the effect of suppressing a free competitive market, either by monopolizing the supply, controlling the prices, or discriminating between would-be purchasers, activities difficult to relate to union activities.

Similarly, in a 1941 case involving the Norris-LaGuardia Act,[30] the Court ruled that within the Act's definition of a permissible labor dispute, a union might strike, picket, publicize and engage in all the other acts specifically enumerated in section 20 of the Clayton Act, without fear of injunction, damage suit or prosecution, as far as the antitrust laws were concerned. Taken in conjunction with the Apex case, this decision seemed virtually to remove union activities from the threat of liability under the antitrust laws. In *Phelps Dodge v. N.L.R.B.*,[31] the same year, the Court struck at yellow-dog contracts, ruling that an employer not only could not fire an employee for union membership, but was engaging in an unfair labor practice in refusing to hire workmen because of their labor union affiliations.

The Court further bolstered such pro-labor rulings by becoming the active force in raising the civil liberties aspect of the labor-management situation. In 1940, Justice Frank Murphy held "invalid on its face" an Alabama statute prohibiting peaceful picketing.[32] "In the circumstances of our times," wrote the Justice, "the dissemination of information concerning the facts of a labor dispute must be regarded as within that area of free discussion that is guaranteed by the Constitution." "Free discussion of labor disputes," he added, "was indispensable to the intelligent use of the process of popular government to shape the destiny of modern industrial society." Five years later, in *Thomas v. Collins*,[33] the Court threw the protection of freedom of assembly around the right of labor organizers to hold recruiting meetings to gain members.

Thus, as America entered World War II, there seemed little question that the government had the constitutional authority to play a major role in supervising and even participating in the growing dialogue between management and labor. In the Employment Act of 1946,[34] prefacing the postwar period, the Government's position was frankly and publicly avowed.

TAFT-HARTLEY

But the pendulum still had within it the power, and as it turned out, the inclination, to swing the other way. As labor became more and more a dynamic and moving force, and as it widened its activities into political and social areas, as well as pure bread-and-butter economic concerns, a new necessity arose for defining more precisely its legal position, and even for applying new legal restrictions to it, which in its previous unorganized, weak position would have been neither pertinent, applicable, or warranted. There has been no major constitutional challenge to the Wagner Act, the Wage and Hour Law or the 1940 Sherman Act rulings in the years since the end of World War II. Nonetheless both Congress and the courts have seen fit, often in response to public pressure, to redefine, and frequently to narrow the permissible authority of labor and to add restrictive new qualifications to its impressive new power from time to time.

The Taft-Hartley Act of 1947[35] banned the closed shop, permitted employers to sue unions for broken contracts or damages inflicted during strikes; required unions to abide by a 60-day "cooling-off period" before striking; required unions to make public their financial statements; forbade union (although not management) contributions to political campaigns; ended the "check-off system," in which the employer collected union dues; and required union leaders (although not employers) to take an oath that they were not members of the Communist party.

Labor was bitterly resentful of the measure's political restrictions and so upset by its non-Communist oath qualifications that it forced a case all the way to the Supreme Court, only to lose in an era when anti-Com-

[30] U.S. v. Hutcheson, 312 U.S. 219 (1941).
[31] Phelps Dodge Corp., v. N.L.R.B., 313 U.S. 219 (1941).
[32] Thornhill v. Alabama, 310 U.S. 88 (1940).
[33] 323 U.S. 516 (1945).
[34] *U.S. Stat. at L.*, LX, 23 (1946).
[35] *U.S. Stat. at L.*, LXI, 136 (1947).

munist hysteria was rife throughout the country.[36] Since 1947, it has seldom ceased to call for the Act's repeal, although with little congressional response.

JUDICIAL SUPPORT

In harmony with this changed atmosphere, the Court also sustained Congress' position in other ways. In 1949, it upheld state laws forbidding closed shop contracts, thus giving local legal sanction to the open shop principle.[37] And in a series of cases running from 1949 to 1957,[38] it rethought its position on picketing as free speech, arriving at the conclusion that the states were entitled to virtually unlimited discretion in curtailing picketing as long as such curtailment was for reasonable and rational purposes. Further, following the labor scandals of the late 1950's, particularly in such unions as the Teamsters, Congress enacted the Landrum-Griffin Labor Management Reporting and Disclosures Act,[39] restricting secondary boycotts, calling for precise controls over union elections, demanding strict reporting of a union's financial transactions, outlawing extortion picketing, authorizing state jurisdiction over labor disputes not handled by the N.L.R.B., and modifying union security provisions for certain national unions.

Labor reluctantly accepted this law, pledging to continue its efforts to clean its own house. Curiously, in all the restrictive governmental moves, both legislative and judicial, from 1947 to the 1960's, employer support was warm, a sharp departure from a century of *laissez faire* attitudes and assumptions toward government's role in the labor-management equation. When legislative intervention served to control labor's power, it took on a new perspective.

Thus, by the 1960's, there seemed little question of the constitutional authority of the government in the labor-management field, although it also seemed more and more clear that the umpire would have to officiate with a scrupulous detachment, seldom present in earlier eras.

This is not to suggest that there are not still a great many Americans convinced of the applicability in modern times of the principles of Adam Smith—freedom of contract, economic individualism and *laissez faire*. Further, such people still have considerable latent authority, even after 20 years of constitutional assumptions to the contrary. During the 1950's, for example, numerous states, whose legislatures were dominated by their rural and agrarian members, enacted state "right-to-work" laws, attempting to give the individual working man his "freedom" to bargain with his employer on his own terms without having to act through a labor union.

Such legislation, however, was almost entirely confined to agricultural states and when its advocates sought to push it into industrial ones, the effective political activity of labor blocked the process. Even the Court balked here, in the mid-1950's striking down 18 state "right-to-work" laws as they applied to railroad workers, on the ground that states had no right to regulate or interfere with labor conduct in interstate commerce when

(*Continued on page 366*)

[36] American Communications Assn. v. Douds, 339 U.S. 382 (1950).

[37] Lincoln Federal Labor Union v. N.W. Iron & Metal, 335 U.S. 525 (1949).

[38] Giboney v. Empire Storage, 336 U.S. 490 (1949); Hughes v. Superior Court, 339 U.S. 460 (1950); International Brotherhood of Teamsters v. Hanke, 339 U.S. 470 (1950); International Brotherhood of Teamsters v. Vogt, 354 U.S. 284 (1957).

[39] *U.S. Stat. at L.*, LXXIII, 519 (1959). On the measure see Charles O. Gregory, *Labor and the Law* (Second Ed. Rev.; New York: Norton, 1961), pp. 572–578.

Paul L. Murphy was a Fellow at Harvard's Center for the Study of the History of Liberty in America in 1961–1962. He is the coauthor of *Liberty and Justice: A Historical Record of American Constitutional Development* (New York: Knopf, 1958) and four other works. Mr. Murphy is currently completing a study of freedom of speech in the United States, 1918–1933, and is at work on a volume in the New American Nation series, *The Constitution in Crisis Times, 1920–1965* (to be published by Harper & Row, New York, late in 1966 or early in 1967).

BOOK REVIEWS

LABOR AND THE ECONOMY

LABOR TODAY. By B. J. Widick. (Boston: Houghton Mifflin, 1964. 238 pages, $3.75.)

This excellent little book presents a "state of the unions" report which, happily, makes no effort to ignore the vast amount of data collected by social scientists concerning the various aspects of labor union activity in the United States, and the values and attitudes of union leaders and non-leaders. Indeed, the author attempts to speak with the objectivity of the social scientist and the bias of an individual dedicated to the labor movement. For the most part, the two voices blend well together.

Louis C. Gawthrop
University of Pennsylvania

THE NEW IMPROVED AMERICAN. By Bernard Asbell. (New York: McGraw-Hill, 1965. 214 pages, bibliography and index, $4.95.)

This optimistic survey of "the real promise of automation" concerns what the author terms "the biggest, most explosive, yet most elusive domestic problem of our time." Bernard Asbell maintains that "machines create far more jobs than they destroy," and points out that "the strange procedure of machines creating jobs by 'putting workers out of work' has inflated our labor market like a mammoth balloon to 70 million jobs, and the number keeps enlarging." Does automation cause unemployment? Asbell explains that automation merely brings the problem of the unskilled—the man he terms the "primitive"—into the open. Our automated society must come to grips with the problems of the illiterate unemployed, and with their children, who must be educated for the bright new world in which no man will have to perform the dull and menial tasks that machines can perform instead. Automation, as Asbell sees it, calls for a dramatic new approach to the education of "the culturally deprived" so that all may share the blessings of the machine age. This well-written study contains a great deal of factual information about literacy, unemployment, the problems of the unskilled, and various new projects dealing with education and the war on poverty. Sections have already appeared in magazine form.

T.M.B.

ESSAYS IN THE HISTORY OF ECONOMICS. By George J. Stigler. (Chicago: University of Chicago Press, 1965. 384 pages and index, $6.95.)

This collection of essays deals with general topics in the field, histories of specific doctrines, and histories of outstanding economists. Titles range from "The Influence of Events and Policies on Economic Theory" to "Perfect Competition, Historically Contemplated." Stuart Wood, Ricardo, and Henry Moore are among the economists whose theories are analyzed. These essays on economic theory offer interesting commentary for students of economics.

T.M.B.

SOCIALISM RE-EXAMINED. By Norman Thomas. (New York: W. W. Norton, 1963. 280 pages, $4.00.)

Between democratic capitalism and communism as alternative and mutually exclusive politico-economic systems, Norman Thomas continues to mark the direction of the third force in the world today—democratic socialism. Now the elder statesman

(*Continued on page 366*)

President Johnson on the Economy

On January 28, 1965, President Lyndon B. Johnson delivered his annual Economic Report to Congress. Sections of the report follow:[1]

.To the Congress of the United States:

I am pleased to report

—that the state of our economy is excellent;

—that the rising tide of our prosperity, drawing new strength from the 1964 tax cut, is about to enter its fifth consecutive year;

—that, with sound policy measures, we can look forward to uninterrupted and vigorous expansion in the year ahead.

PROGRESS TOWARD OUR ECONOMIC GOALS

Full Employment

In the year just ended, we have made notable progress toward the Employment Act's central goal of ". . . useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and . . . maximum employment, production, and purchasing power."

Employment

Additional jobs for 1½ million persons have been created in the past year, bringing the total of new jobs since January, 1961, to 4½ million.

Unemployment dropped from 5.7 per cent in 1963 to 5.2 per cent in 1964 and was down to 5.0 per cent at year's end.

Production

Gross National Product (GNP) advanced strongly from $584 billion in 1963 to $622 billion in 1964.

Industrial production rose 8 per cent in the past 12 months.

Purchasing Power

The average weekly wage in manufacturing stands at a record $106.55, a gain of $3.89 from a year ago and of $17.50 from early 1961.

Average personal income after taxes has reached $2,288 a year—up 17½ per cent in four years.

Corporate profits after taxes have now risen continuously for four straight years —from a rate of $19½ billion early in 1961 to nearly $32 billion at the end of 1964.

But high levels of employment, production and purchasing power cannot rest on a sound base if we are plagued by slow growth, inflation, or a lack of confidence in the dollar. Since 1946, therefore, we have come to recognize that the mandate of the Employment Act implies a series of objectives closely related to the goal of full employment:

—rapid growth,

—price stability, and

—equilibrium in our balance of payments.

Rapid Growth

True prosperity means more than the full use of the productive powers available at any given time. It also means the rapid expansion of those powers. In the long run, it is only a growth of overall productive capacity that can swell individual incomes and raise living standards. Thus, rapid economic growth is clearly an added goal of economic policy.

[1] The sections of the President's report reprinted here are taken from *The New York Times,* January 29, 1965, "Excerpts from the President's Annual Report to Congress on State of the Economy." (Copyright by *The New York Times.* Reprinted by permission.)

Our gain of $132 billion in GNP since the first quarter of 1961 represents an average growth rate (in constant prices) of 5 per cent a year.

This contrasts with the average growth rate of 2½ per cent a year between 1953 and 1960.

Part of our faster gain in the last four years has narrowed the "gap" that had opened up between our actual output and our potential in the preceding years of slow expansion. But the growth of our potential is also speeding up. Estimated at 3½ per cent a year during most of the 1950's, it is estimated at 4 per cent in the years ahead; and sound policies can and should raise it above that, even while moving our actual performance closer to our potential.

Price Stability

I regard the goal of overall price stability as fully implied in the language of the Employment Act of 1946.

We can be proud of our recent record on prices:

Wholesale prices are essentially unchanged from four years ago, and from a year ago.

Consumer prices have inched upward at an average rate of 1.2 per cent a year since early 1961, and 1.2 per cent in the past 12 months. (Much of this increase probably reflects our inability fully to measure improvements in the quality of consumer goods and services.)

Balance of Payments Equilibrium

The Employment Act requires that employment policy be "consistent" with "other essential considerations of national policy." Persistent balance of payments deficits in the 1950's reached an annual average of nearly $4 billion in 1958–60. Deficits of this size threatened to undermine confidence in the dollar abroad and limited our ability to pursue, simultaneously, our domestic and overseas objectives. As a result, restoring and maintaining equilibrium in the U.S. balance of payments has for some years been recognized as a vital goal of economic policy.

During the past four years:

Our overall balance of payments position has improved, and the outflow of our gold has been greatly reduced.

Our commercial exports have risen more than 25 per cent since 1960, bringing our trade surplus to a new post-war record.

The annual dollar outflow arising from our aid and defense commitments has been cut $1 billion without impairing programs.

Our means of financing deficit have been strengthened, reducing the gold outflow and helping to build confidence in the dollar.

Consistency of Our Goals

Thus, the record of our past four years has been one of simultaneous advance toward full employment, rapid growth, price stability, and international balance.

We have proved that with proper policies these goals are not mutually inconsistent. They can be mutually reinforcing.

* * *

THE UNFINISHED TASKS

Our prosperity is widespread, but it is not complete. Our growth has been steady, but its permanence is not assured. Our achievements are great, but our tasks are unfinished.

[1]

Four years of steadily expanding job opportunities have not brought us to full employment. Some 3.7 million of our citizens want work but are unable to find it. Up to 1 million more—"the hidden unemployed"—would enter the labor force if the unemployment rate could be brought down just 1 percentage point.

In the next year, 1.3 million more potential workers will be added to our labor force, including a net increase of ½ million below the age of 20.

The more of these 6 million potential workers who find jobs in 1965:

—the faster our total output will grow:

—the greater will be the markets for the products of our factories and farms;

—the larger will be our Federal revenues;

(*Continued on page 367*)

INDUSTRY AND GOVERNMENT

(*Continued from page 327*)

regulation and promotion on an expanded scale. Before 1887, federal promotion was particularly important in aiding the construction of the railroads, and in maintaining a favorable legal framework for private business. From 1887 to 1917, federal regulation gained a measure of success in limiting the political and economic power of large corporations. In the succeeding period the federal government became an arbiter who maintained rules of fair competition among a great variety of private industries.

What forces had shaped the federal government's changing role in respect to industry? Most important, perhaps, was the transformation of business itself. Throughout this period technological changes encouraged a trend leading to the replacement of small individual enterprises by large, powerful corporations. The emergence of Big Business found a direct response in the growth of Big Government. Both were part of a tendency that appeared irresistible. Nor can the influence of ideas be ignored, particularly the belief in the desirability of private enterprise and competition. Another influence that shaped the relation between government and business was the nature of the American constitutional system. The Constitution, and its interpretation by the courts, especially with reference to the interstate commerce clause, provided a framework within which an intricate web of contact between government and industry developed. A fourth factor was the crises, wars and depressions, which created problems of such magnitude that only the federal government seemed able to cope with them successfully. Finally, the role of individuals, in industry as well as in government, cannot be wholly discounted. Yet institutions, rather than great personalities, seemed to shape the destinies of the age.

Government in the United States has always played an important role in relation to the economy. Its influence has varied in different times and under differing conditions. But even from the colonial era to the middle of the nineteenth century, a large amount of promotional and regulatory activity was carried out by localities and states. Then, as industry became national in scope after 1850, many of the responsibilities of state authorities devolved upon the federal government, which in addition was forced to take on many new responsibilities as well.

At one level or another, therefore, government and industry have historically enjoyed a close relationship. In a democracy, government and industry are not separate or opposing entities. Rather, they represent two types of institutions which share many common goals. Indeed, they exist primarily to satisfy certain basic human needs and aspirations essential for the fulfillment of the individual and of society at large.

LABOR AND GOVERNMENT

(*Continued from page 333*)

the Great Depression with a new unionism that was constantly concerned with politics and the expansion of labor goals to include all aspects of American and world life.

Adolph Strasser, a founder of the A.F.L. and a prominent pure-and-simple trade unionist, in 1883 had accurately described organized labor's goals then:

> We have no ultimate ends. We are going on from day to day. We are fighting only for immediate objects. . . . We are all practical men.[5]

But after the Great Depression, Walter Reuther, one of the leaders in the C.I.O. and eventually of the merged A.F.L.-C.I.O., and a major reform unionist, offered a new theme for today's union movement:

> The kind of labor movement we want is not committed to a nickel-in-the-pay-envelope philosophy. We are building a labor movement, not to patch up the old world so men can starve less often and less frequently, but a labor movement that will remake the world so that the working people will get the benefit of their labor.

[5] H. M. Gitelman, "Adolph Strasser and the Origins of Pure and Simple Unionism," *Labor History*, Winter, 1965, pp. 81–82.

THE NEW DEAL

(*Continued from page 339*)

pressure from the workers themselves, acquiesced. The commitment originally expressed in Section 7a plagued the administration until federal power had completely reshaped the pattern of industrial relations in this country.

"But what was truly noteworthy," one historian suggests, "was the relatively little bloodshed that marked this momentous transfer of social power."[6] The number of workers involved in strikes was small in comparison to the size of the nation's industrial population. Sporadic outbursts of violence particularly in 1934 and 1937, have received considerable attention—perhaps because they were exceptional. Labor's campaign was long and arduous but the industrial battleground was hardly strewn with casualties. Radicals bemoaned the toll claimed by class warfare in the United States, but while the crucial battles were being fought the most powerful arsenal belonged to the federal government, and it was made up of statutes and labor boards.

The cause of unionization might well have prevailed without federal assistance, but certainly it would not have triumphed so quickly or so completely. For decades government had given at least tacit approval, and often far more than that, to employer hegemony. Weak unions found it difficult enough to confront management; with the government sitting (not always silently) by management's side, their task seemed almost insurmountable. During the New Deal years, however, the federal government not only changed sides but altered the rules of the game. Although several New Deal labor policies developed concurrently, their cumulative impact by 1937 left no doubt of the federal commitment to labor organization and collective bargaining. The influence of the Roosevelt administration upon labor-management relations could hardly have been more comprehensive — or more salutary, from the perspective of the American industrial worker.

[6] William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal 1932–1940* (New York: Harper and Row, 1963), p. 241.

SINCE WORLD WAR II

(*Continued from page 352*)

nized as a contribution to the national welfare.

There are indications of success in union organization in a number of fields and among groups which have not been foci of successful organization in the past—women, government employees, and retail trades. This may be the product of a new-found concentration on the part of union leadership in recognition of altered requirements. The awareness that union strength is associated with the broad economic and social health of the nation is apparent. The A.F.L.-C.I.O. has been in the forefront of legislative efforts to provide greater benefits for the unemployed, and to aid the depressed areas and groups, and to develop positive manpower development programs. Growing opportunities for young people are recognized as an integral responsibility of society at large, and of the trade union movement. Union emphasis on economic growth is a vital element in the maintenance of a healthy and growing trade union movement.

Governmental concern with the economic health of the nation is also apparent. Legislative enactments are too numerous to mention, but the enactment of the poverty program, with the support of labor and business, indicates the breadth of concern. Economic health, however, requires constant awareness of the need to maintain that interrelationship of social and economic groups which is essential to the maintenance of a democratic society. Hopefully, labor and management on their own will achieve the rapport through collective bargaining which will cover the areas of expanding industrial, geographical and occupational employment. If this does not in fact develop, and if statutory provisions are the bar to such development, the gov-

ernment's role will need to be reexamined in the light of possible societal imbalances.

CONSTITUTIONAL ASSUMPTIONS

(*Continued from page 360*)

that conduct was already controlled by federal law.[40]

To say, then, that by 1965 solutions had been found to all major problems, constitutional, economic, social and political, which pervaded the labor-management field, would be erroneous and misleading. Controversies growing out of all of these areas will undoubterly find their way into the courts, in one form or another and with varying degrees of frequency, well into the future. But by the 1960's, constitutional assumptions regarding the "facts of life" in this area had become highly realistic, after many years of evasion and unreality.

[40] Railway Employee's Dept. v. Hanson, 351 U.S. 225 (1956). See also Joseph G. Rayback, *A History of American Labor* (New York: Macmillan, 1964), 413 ff. For an interesting account of the Supreme Court's current reluctance to probe deeply the constitutional questions involved in labor issues, see Harry H. Wellington, "Machinists, v. Street: Statutory Interpretation and Avoidance of Constitutional Issues," *1961 Supreme Court Review* (Chicago: Univ. of Chicago Press, 1961), pp. 49–73.

BOOK REVIEWS

(*Continued from page 361*)

of the American socialist movement, Norman Thomas presents a thoughtful appraisal and defense of democratic socialism as a viable alternative to the other two major forces. The 1962 platform of the Socialist party and a position paper, The Aims and Tasks of Democratic Socialism, are appended to the 211 page text.

L.C.G.

AMERICA AT LARGE

THE OXFORD HISTORY OF THE AMERICAN PEOPLE. By Samuel Eliot Morison. (New York: Oxford University Press, 1965. 1122 pages and index, $12.50.)

Everyone will welcome Samuel Eliot Morison's new history, which he terms a "legacy to my countrymen after studying, teaching, and writing the history of the United States for over half a century." Starting with the "origin of man in the continent we call America," taking a lively, well-authenticated overview of highlights of the American scene throughout its 300-year history, concluding with the inauguration of President Lyndon Johnson, this book is not a text but a "history written especially for . . . citizens to enjoy." Much "scholarly apparatus" such as footnotes has been omitted, in favor of photographs, maps and the kind of detail that brings history to life for the reader.

T.M.B.

CONGRESS: THE SAPLESS BRANCH. By Joseph S. Clark, with introduction by Sir Denis Brogan. (New York: Harper and Row, 1964. 267 pages, $4.95.)

For the senior U.S. Senator from Pennsylvania the once proud branch of our national government has gradually become an irresponsible binding weed which threatens to strangle the main stem of democracy itself—majority rule. For those who have not followed the distinguished career of Senator Clark, his opening chapter—The Making of a Maverick—serves not only as a point of departure for the remaining segments of the book, but also as a means of establishing his position along the continuum of democratic political theory. What follows is a concise, well-written criticism of existing legislative norms accompanied by an extended discussion of congressional reform measures. Even if one is not prepared to accept the "sapless" image of Congress as presented by the author it cannot be discounted offhand; only if his indictment is answered in the same forceful and logical manner as it is presented can a responsible dialogue develop between the defenders and critics of the legislative process.

L.C.G.

JOHNSON ON THE ECONOMY

(*Continued from page 363*)

—the greater will be the number of our citizens who know they are contributing to our society, not subsisting on the contributions of others;

—the smaller will be the number who know the pangs of insecurity, deprivation, even of hunger;

—the larger will be the number of teenagers who feel that society has a useful purpose for them.

The promise in the Employment Act of job opportunities for all those able and wanting to work has not yet been fulfilled. We cannot rest until it is.

[2]

Four years of vigorous efforts have not yet brought our external payments into balance. We need to complete that task—and we will.

The stability of the American dollar is central not only to progress at home but to all our objectives abroad. There can be no question of our capacity and determination to maintain the gold value of the dollar at $35 an ounce. The full resources of this nation are pledged to that end.

Progress in key sectors of our international payments has been good, but not enough. Gains in trade and savings in Government overseas payments have been offset in large measure by larger capital outflows. As a result our deficit remains far too large. We must and will reduce and eliminate it.

In the process of restoring external balance we must continue—in concert with other nations of the free world—to build an international economic order:

—based on maximum freedom of trade and payments,

—in which imbalances in payments, whether surpluses or deficits, are soundly financed while being effectively eliminated,

—in which no major currency can be undermined by speculative runs, and

—in which the poorer nations are helped—through investment, trade, and aid—to raise progressively their living standards toward those of the developed world.

[3]

Ceaseless change is the hallmark of a progressive and dynamic economy. No planned economy can have the flexibility and adaptability that flow from the voluntary response of workers, consumers, and managements to the shifting financial incentives provided by free markets.

In those activities entrusted to governments—as in those where private profit provides the spur—the search for efficiency and economy must never cease.

The American economy is the most efficient and flexible in the world. But the task of improving its efficiency and flexibility is never done.

[4]

American prosperity is widely shared. But too many are still precluded from its benefits by discrimination; by handicaps of illness, disability, old-age, or family circumstance; by unemployment or low productivity; by lack of mobility or bargaining power; by failure to receive the education and training from which they could benefit.

The war against poverty has begun; its prosecution is one of our most urgent tasks in the years ahead.

[5]

Our goals for individuals and our nation extend far beyond mere affluence. The quality of American life remains a constant concern.

The task of economic policy is to create a prosperous America. The unfinished task of prosperous Americans is to build a Great Society.

Our accomplishments have been many; these tasks remain unfinished:

—to achieve full employment without inflation;

—to restore external equilibrium and defend the dollar;

—to enhance the efficiency and flexibility of our private and public economies;

—to widen the benefits of prosperity;

—to improve the quality of American life.

THE MONTH IN REVIEW

A CURRENT HISTORY Chronology covering the most important events of April, 1965, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Berlin

Apr. 4—East German police refuse to permit West Berlin Mayor Willy Brandt to return to Berlin via the autobahn. A.D.N. (East German press agency) announces that the East German government will not permit members of the West German parliament to proceed to West Berlin via the autobahn, where the West German parliament will meet on April 7.

Apr. 5—The main 110-mile autobahn linking West Germany and West Berlin is shut down for 4 hours. The Soviet representative at the Berlin Air Safety Center advises the Western powers to order Allied planes to fly above 6,500 feet. Soviet-East German military planes engaged in maneuvers will be using the lower altitudes.

Apr. 7—Soviet jets fly over the Congress Hall in West Berlin to protest the meeting of the West German parliament. Windows are broken by sonic booms.

Apr. 10—A battalion of U.S. soldiers travels to West Berlin along the autobahn without harassment.

Apr. 12—West Berliners leave to visit relatives in East Germany; a 2-week Easter visiting period begins.

West Berlin Mayor Willy Brandt arrives in the U.S. for a visit.

Disarmament

Apr. 21—U.N. Secretary-General U Thant addresses the 114-member United Nations Disarmament Commission, meeting for the first time since August, 1960.

Southeast Asia Treaty Organization (SEATO)

Apr. 19—French sources report that French Foreign Minister Maurice Couve de Murville will not participate in the meeting of the Ministerial Council of SEATO; France is to be represented by observers.

Apr. 23—President de Gaulle withdraws French units from SEATO naval maneuvers scheduled for May.

United Nations

Apr. 2—Under a Security Council resolution authorizing U.N. Secretary-General U Thant to set up a U.N. scholar program to provide educational opportunities abroad for young South Africans, primarily nonwhites, U Thant confers with officials of Britain, Norway, Sweden and the U.S.

Apr. 6—Dr. Raul Prebisch, secretary-general of the United Nations Trade and Development Conference, addresses the conference's new 55-nation U.N. Trade and Development Board. Syed Amjad Ali of Pakistan is elected president of the board.

Apr. 24—Soviet representative Nikolai T. Fedorenko voices optimism about the "spirit of cooperation" of the 33-member special committee studying the question of the U.N.'s peacekeeping operations.

West Europe

Apr. 8—The ministers of the 6 European Economic Community (Common Market) states sign an agreement to integrate the executive bodies and the ministerial councils of the Coal and Steel Pool, the E.E.C., and the European Atomic Energy Community.

ALGERIA

(See also *Yugoslavia*)

Apr. 12—Algerian President Ahmed Ben Bella commutes the death sentences of the illegal Socialist Forces Front leader, Hocine Ait Ahmed, and rebel commandant Si Moussa.

BRITISH COMMONWEALTH, THE

Cyprus

Apr. 2—U.N. Secretary-General U Thant warns that a settlement of the Cypriote crisis may be imperiled by Turkey's attitude toward the U.N. mediator, Galo Plaza Lasso. In a letter from Turkey made public by U Thant, the Turkish government declares that it considers Plaza's function to have terminated.

Apr. 19—Turkish Interior Minister Ismail Adkogan announces that Greek nationals residing in Turkey will be expelled.

Apr. 22—It is reported that Greece has decided to terminate diplomatic exchanges with Turkey with regard to the Cyprus situation.

Ghana

Apr. 13—*The New York Times* reports that the U.S. and West European countries have rejected a Ghanaian request for large emergency loans to cover Ghana's balance-of-payments gap.

Great Britain

Apr. 2—The Treasury reports a further decline in the sterling area's gold and convertible currency reserves. It is also disclosed that Britain had to support the pound sterling in March.

Apr. 3—A communiqué is issued after a 2-day meeting between French President Charles de Gaulle and British Prime Minister Harold Wilson, in which they declare that they will seek to improve relations with the Soviet Union and its satellites; they also acknowledge the need for new efforts to promote German reunification.

Apr. 6—In the House of Commons, Chancellor of the Exchequer James Callaghan announces a budget designed to restrict the capital outflow from Britain by some $280 million annually. New excise taxes and domestic tax reforms will be imposed. Callaghan reveals that the TSR-2 tactical fighter-bomber jet plane will not be produced.

Apr. 26—British Foreign Secretary Michael Stewart tells the House of Commons that Britain has accepted the Soviet proposal for a Cambodian conference. He hopes that invitations will soon be sent to the 1954 Geneva conferees. (See also *U.S.S.R.* and *U.S. Foreign Policy.*)

Apr. 30—A government white paper announces the Labor government's plans to renationalize the steel industry.

India

Apr. 10—It is disclosed that in border fighting between Indians and Pakistanis yesterday in the Rann of Cutch area, 34 Pakistani solders were killed.

Apr. 12—Indian Prime Minister Lal Bahadur Shastri tells the parliament that he will not allow Pakistan to keep her military post at Kanjarkot in the Rann of Cutch.

Apr. 20—Prime Minister Shastri cancels his trip to the U.S. because U.S. President Lyndon Johnson has asked him to postpone the visit. (See also *U.S. Foreign Policy,* Apr. 16.)

Apr. 21—The International Bank for Reconstruction and Development announces that 10 nations, including the U.S., have pledged over $1 billion in grants and loans for India's development.

Apr. 24—Indian officials declare that Pakistani troops, last night and this morning, attacked an Indian post in the Rann of Cutch.

Apr. 25—Indian sources report that Pakistan has mobilized her armed forces.

Kenya

Apr. 1—The British army evacuates its last post in Kenya, an ordnance depot at Kahawa.

Apr. 4—29 discontented students from Kenya, studying in the Soviet Union, fly home.

Apr. 29—Jomo Kenyatta refuses a shipment of Soviet weapons unloaded last night because they are "of no use to the modern army of Kenya."

Pakistan

(See also *British Commonwealth, India*)

Apr. 2—Communist Chinese Premier Chou

En-lai arrives for a 1-day visit with President Mohammad Ayub Khan.

Apr. 3—President Ayub flies to the Soviet Union for an official visit. (See also *U.S.S.R.*)

BULGARIA

Apr. 15—*The New York Times* reports that a plot by pro-Peking Communists to overthrow the government has been thwarted.

Apr. 22—The official Bulgarian Telegraph Agency issues a dispatch saying that "there has been no attempt at a *coup d'état* in Bulgaria." The arrest of certain persons "who have violated the laws of the country" is announced, including that of General Svetko Yanev.

CAMBODIA

(See also *U.S.S.R.*)

Apr. 26—In Pnompenh, 20,000 students attack the U.S. embassy, breaking windows and tearing down the U.S. flag.

CHILE

Apr. 22—The Chilean government sends army troops to guard the railroads in major cities, following a wave of strikes and demonstrations by students.

Apr. 23—A 48-hour period of rioting ends.

CHINA, PEOPLE'S REPUBLIC OF (Communist)

Apr. 16—An editorial in *Jenmin Jih Pao* (Communist party newspaper) declares that the U.S. must withdraw from South Vietnam before a "peaceful settlement" can be negotiated.

Apr. 20—The standing committee for the National People's Congress adopts a resolution calling on Communist Chinese organizations to "make full preparations to send their own people" to the aid of the North Vietnamese. The resolution declares that Chinese troops will be sent to North Vietnam in the event that continued escalation by the U.S. makes such a step necessary.

CONGO, REPUBLIC OF THE (Leopoldville)

Apr. 10—It is reported that rebels in the northeast Congo have fled and that the area is under government control. It is disclosed that government troops have found Chinese and Soviet military equipment abandoned by the rebels.

Apr. 25—A Congolese rebel source in the U.A.R. reports that Congolese rebels are meeting with Premier Moise Tshombe to discuss restoration of peace to the Congo.

Apr. 30—In a radio address, President Joseph Kasavubu announces that the 6-week voting period beginning March 18 for the general election has ended. He declares the present government will continue until the results are tabulated.

DOMINICAN REPUBLIC

Apr. 25—The ruling triumvirate headed by President Donald Reid Cabral is overthrown by a rebel coup that began yesterday. Former President Juan D. Bosch, in exile in Puerto Rico, declares that he has accepted the rebels' request to return. Colonel Francisco Caamano Deno announces the rebel victory, and the return of Bosch. The air force, navy and some army units refuse to accept Bosch.

Apr. 27—The military-civilian revolt dedicated to the return of Bosch surrenders in favor of a military junta; the agreement between the opposing factions, worked out with the aid of U.S. diplomats, promises elections, probably in September. The victorious faction imposes martial law.

Apr. 28—Fighting continues in the Dominican Republic. A 3-man military junta is set up. Pro-Bosch rebels continue to resist. U.S. marines land to protect and evacuate U.S. citizens.

Apr. 29—Some 4,000 U.S. Marines and airborne units are reported in the Dominican Republic.

Apr. 30—Some 12 U.S. marines are wounded and one is killed in clashes with snipers.

The Papal Nuncio, Msgr. Emmanuel Clarinzi, announces a ceasefire; shooting continues.

FRANCE

(See also *British Commonwealth, Great Britain*)

Apr. 8—The government cuts the bank rate from 4.0 per cent to 3.5 per cent.

Apr. 25—Soviet Foreign Minister Andrei A. Gromyko arrives in Paris for talks with President Charles de Gaulle.

Apr. 27—President de Gaulle meets with Gromyko. In a television speech, President de Gaulle voices his disapproval of the Vietnam war.

Apr. 28—French Minister of Information Alain Peyrefitte issues a statement revealing that Soviet Foreign Minister Gromyko has expressed support for a Cambodian conference.

Apr. 29—In a statement at the end of week-long talks, Andrei A. Gromyko and official French representatives call for an end to foreign intervention in Vietnam and a return to the 1954 and 1962 Geneva accords on Indochina.

GERMANY, FEDERAL REPUBLIC OF (West)

(See also *Intl, Berlin*)

Apr. 15—The West German government pays Israel its final installment of the $860 million in World War II reparations.

GREECE

(See *British Commonwealth, Cyprus*)

INDONESIA

Apr. 1—The U.S. special presidential envoy, Ellsworth Bunker, meets with President Sukarno.

Apr. 3—It is reported that yesterday the Indonesian government seized the National Cash Register (a U.S.) Company, and issued an order to close down the Indonesian-American Friendship Association, a private English-teaching institution with some 2,500 students.

Apr. 15—In a joint statement, Sukarno and Bunker agree to end the U.S. Peace Corps activities in Indonesia.

Bunker leaves for the U.S.

Apr. 17—The 10th anniversary of the 1955 Bandung conference (at which 29 Asian-African nations condemned racism and colonialism) is celebrated in Indonesia.

Apr. 24—Sukarno signs a decree ordering the seizure of all foreign-owned companies; all foreign enterprises are to be placed "under the control and supervision" of the Indonesian government.

IRELAND

Apr. 7—Elections for a new government are held.

Apr. 14—It is reported that in the parliamentary elections Prime Minister Sean Lemass' Fianna Fail party won 72 seats.

Apr. 21—The new parliament reelects Lemass.

ITALY

Apr. 19—Premier Aldo Moro arrives in the U.S. for talks with President Johnson.

Apr. 21—Moro and Johnson issue a communiqué declaring that they have discussed the situation in Southeast Asia.

Apr. 25—Moro returns to Italy.

JORDAN

Apr. 1—King Hussein names his brother, Prince Hassan, as heir to the throne. The 2 houses of parliament approve the action.

KOREA, PEOPLE'S DEMOCRATIC REPUBLIC OF (North)

Apr. 28—The U.S. Defense Department announces that 2 North Korean MIG jets attacked a U.S. reconnaissance plane over the Sea of Japan last night. The damaged plane lands safely at a Japanese base.

KOREA, REPUBLIC OF (South)

Apr. 15—Demonstrations spread throughout Korea to protest negotiations to normalize relations with Japan.

Apr. 17—In Seoul, some 300 student demonstrators storm the gates of the government buildings. Police, reinforced by 3 battalions of soldiers, try to quell the rioting, now in its 5th consecutive day.

PHILIPPINES, THE

Apr. 21—Henry Cabot Lodge, on a 6-nation trip in Southeast Asia for President Johnson, confers with President Diosdado Macapagal.

SPAIN

Apr. 3—The Government announces that it will issue a decree reforming the Student Union. Details are not disclosed. There has been widespread student discontent over government restriction of student affairs.

TUNISIA

Apr. 22—President Habib Bourguiba, in a speech before Tunisian students, proposes that the Arab-Israeli dispute be settled according to the 1947 United Nations partition plan for Palestine; the Palestinian Arabs and Israelis should negotiate directly. Bourguiba declares that if the proposal is accepted by Israel, he will present the plan before the next Arab conference in Morocco. (See also *U.A.R.*)

Apr. 28—The residence of the Tunisian ambassador in Cairo is set on fire by rioting students.

U.S.S.R., THE

Apr. 3—At a Kremlin dinner in honor of Pakistani President Mohammad Ayub Khan, Soviet Premier Aleksei N. Kosygin urges all peace-loving nations to work for a settlement of the Vietnam war. (See also *Vietnam.*)

Apr. 8—In Warsaw, First Secretary of the Soviet Communist party Leonid I. Brezhnev and First Secretary of the Polish Communist party Wladyslaw Gomulka sign a treaty of friendship, replacing a 1945 pact.

Apr. 10—An editorial in *Pravda* (Communist party newspaper) criticizes U.S. President Johnson's proposal for "unconditional" talks on Vietnam. (See also *U.S. Foreign Policy.*)

Apr. 15—Diplomats in Moscow, according to *The New York Times,* report the Soviet proposal for Cambodian talks may lead to the possibility of negotiations on Vietnam. Earlier this month, the Soviet Union proposed talks on Cambodia to Britain. The U.S.S.R. and Britain served as cochairmen of the 1954 Geneva conference on Indochina. Originally suggested by Prince Sihanouk of Cambodia, the conference is to discuss guaranteeing the territorial integrity of Cambodia.

Apr. 18—Following a week-long secret meeting in Moscow between top-ranking Soviet and Vietnamese leaders, a declaration is issued in which the Soviet Union discloses that it will permit Soviet volunteers to fight in Vietnam at the request of the North Vietnam government if U.S. aggression is stepped up. In a joint communiqué, of which the declaration is a part, it is charged that President Johnson is willing to extend the war but not to negotiate.

Apr. 19—*The New York Times* reports that a speech made a month ago by Premier Kosygin and published today promises that the 5-year plan for 1966–1970 will emphasize increased consumer goods (including more passenger automobiles) and higher wages.

Apr. 20—In a joint decree by the Soviet government and the Central Committee of the C.P.S.U., a $2 billion debt owed to the State Bank by the collective farms is cancelled. Payments on small amounts owed the Soviet government by the collective farms for equipment or for advances against deliveries are either cancelled or delayed. A second decree declares that government funds will henceforth be used to improve collective farm lands.

Apr. 22—At a Kremlin ceremony to celebrate the 95th anniversary of the birth of Lenin, Pyotr N. Demichev, a party secretary, urges all Communist parties to unite against the "forces of imperialism." He declares that the Soviet Union considers Communist China "our ally" in that struggle.

Apr. 23—The first Soviet communications satellite, *Molniya* (lightning) 1, is orbited. It broadcasts an experimental television movie.

UNITED ARAB REPUBLIC

Apr. 25—*Al Ahram,* semi-official Cairo newspaper, publishes the text of a communiqué issued by the U.A.R. Communist party's Central Committee, announcing that the Egyptian Communist party will dissolve itself. President Gamal Abdel Nasser's Arab Socialist Union is recognized as the only party able to carry on the revolution.

Apr. 26—Yugoslav President Tito flies to Cairo to meet with Nasser.

Apr. 27—The U.A.R. ambassador to Tunisia is recalled following a reported attack by Tunisians on the U.A.R. embassy. U.A.R. Foreign Minister Mahmoud Riad tells the National Assembly Cairo will not accept Tunisia as an intermediary in the Arab-Israeli conflict.

UNITED STATES, THE

Agriculture

Apr. 2—Secretary of Agriculture Orville L. Freeman announces that he has named one Negro farmer to serve on each state committee administering the federal agricultural programs in Arkansas, Maryland and Mississippi. He also announces other steps taken in accord with recommendations made by the Civil Rights Commission on February 28 to end racial discrimination in the administration of federal farm programs.

Apr. 5—President Lyndon B. Johnson proposes legislation to Congress to increase farm income and "to apply the forces of a vigorous marketplace to the needs of commercial agriculture. . . ." Federal spending for farm programs for wheat, wool, rice and feed grains will be reduced by $200 million annually. The cost of bread and rice for consumers will go up.

Economy

Apr. 1—The Labor Department reports that unemployment in March, 1965, dropped to 4.7 per cent of the labor force, the lowest since October, 1957.

Apr. 27—President Johnson declares that the federal budget deficit for the fiscal year ending June 30, 1965, will be $1 billion below the January estimate, or $5.3 billion.

Foreign Policy

Apr. 1—President Johnson declares that talks beginning today in Washington with the U.S. Ambassador to South Vietnam, Maxwell D. Taylor, are focused on improving efforts to assist the South Vietnamese and not on new policies for Vietnam. Johnson confers for 2 hours with Taylor, Defense Secretary Robert McNamara, Secretary of State Dean Rusk, and others. (See also *Vietnam.*)

Apr. 2—At a meeting with the National Security Council and Ambassador Taylor, President Johnson agrees to increase U.S. military support for South Vietnam. More men, arms and money are to be furnished. Air attacks against North Vietnam will be continued.

Apr. 3—At Camp David (presidential retreat), President Johnson lunches and talks with Canadian Prime Minister Lester Pearson. They discuss the South Vietnamese situation and Pearson's proposal for a halt in air strikes against North Vietnam.

Apr. 4—The U.S. Defense Department announces that in air attacks in the last 2 days U.S. planes bombed 3 important bridges in North Vietnam's transportation network. It is also acknowledged that 6 U.S. planes have been lost.

The U.S. special envoy, Ellsworth Bunker, confers with Indonesian President Sukarno and Foreign Minister Subandrio on reducing U.S.-Indonesian "irritations." (See also *Indonesia.*)

President Johnson names a 12-member committee to study the possibility of increased trade with the Soviet Union and East Europe. J. Irwin Miller, board chairman of the Cummins Engine Company, Inc., will head the group.

Apr. 7—In a speech at Johns Hopkins University broadcast over national television and radio networks, President Johnson offers to begin "unconditional discussions" on ending the war in Vietnam; such a

settlement must provide for "an independent South Vietnam." Johnson asserts that he will ask Congress for a $1 billion Southeast Asia development program.

Apr. 13—White House Press Secretary George Reedy announces that President Johnson will send Henry Cabot Lodge, former ambassador to South Vietnam, to Australia, Nationalist China, Japan, South Korea, New Zealand and the Philippines to discuss Vietnam.

The State Department's press officer, Robert McCloskey, declares that the U.S. is in the process of negotiating arms agreements with 5 Middle Eastern nations: Iraq, Israel, Jordan, Lebanon and Saudi Arabia.

Apr. 14—*The New York Times* reports that the U.S. is considering a proposal for a "nuclear guarantee" by the atomic powers to protect nonnuclear nations from nuclear attack or threat of attack.

At a special session of the council of the Organization of American States to celebrate the 75th anniversary of the "Inter-American System," Vice-President Hubert Humphrey voices U.S. support for Latin America's economic integration.

Apr. 15—In Washington for a 2-day visit, British Prime Minister Harold Wilson meets with President Johnson and other top officials. At a meeting with Treasury Department officials it is agreed that serious discussion should commence on improving the international monetary system.

Apr. 16—White House Press Secretary George Reedy announces that visits by foreign leaders, and trips abroad by President Johnson, have been delayed because of the situation in Vietnam and the "Congressional work load." The visits of Pakistani President Mohammad Ayub Khan and of Indian Prime Minister Lal Bahadur Shastri are postponed. (See also *British Commonwealth, India.*)

Apr. 19—In Honolulu, a top-level conference on expanding U.S. support in South Vietnam opens. General Earle G. Wheeler, Chairman of the Joint Chiefs-of-Staff, confers with military commanders from Pacific areas. Defense Secretary McNamara will also attend the conference.

Apr. 20—Italian Premier Aldo Moro, on a 3-day visit, confers with President Johnson.

Apr. 21—On returning from Hawaii, McNamara states that U.S. military aid for South Vietnam will be increased from $207 million to $330 million annually. U.S. military support will also be stepped up.

Apr. 25—U.S. Secretary of State Dean Rusk declares that the U.S. "will gladly participate" in a conference on Cambodia.

Government

Apr. 1—Henry H. Fowler is sworn in as Secretary of the Treasury, succeeding Douglas Dillon.

Sherman J. Maisel, economics professor at the University of California, is named by President Johnson to fill a vacancy on the 7-man Federal Reserve Board.

At a news conference, President Johnson declares that his administration is reconsidering the proposed closing of 14 veterans hospitals and old soldiers homes announced on January 12, 1965.

Apr. 6—The world's first commercial satellite, the Early Bird communications spacecraft, is successfully launched from Cape Kennedy. This is the first link in a global electronic network; the satellite will be able to handle 240 telephone conversations simultaneously and will be used for television broadcasts between Europe and the U.S.

Apr. 8—The House of Representatives passes a medicare bill providing medical care (in hospitals, nursing homes and by visiting nurses) for persons over 65, financed by higher social security payments. The bill also provides for a supplementary voluntary insurance program for physicians' fees and other services. A 7 per cent increase in cash benefits under the old age, survivors and disability insurance program is included in the bill. The bill now goes to the Senate.

Apr. 9—The Senate approves, 73–18, a $1.3

billion bill for federal aid to elementary and secondary schools. Primarily designed to help public schools, the bill also provides benefits for parochial and private schools.

Apr. 11—President Johnson signs the $1.3 billion education measure.

William F. Raborn, Jr., retired U.S. Naval Vice-Admiral, is named by President Johnson to succeed John A. McCone as Central Intelligence Agency director.

Apr. 13—The first Negro page in the Senate, Lawrence Wallace Bradford, Jr., is named by Senator Jacob Javits (Rep.–N.Y.).

Apr. 14—The House of Representatives votes to give an additional $50,000 to the House Committee on Un-American Activities to investigate the Ku Klux Klan.

Frank Mitchell is named the first Negro page in the House of Representatives by Representative Paul Findley (Rep.–Ill.).

President Johnson personally tours Middle Western areas ravaged by floods and tornadoes. He designates Indiana, Ohio and Michigan as major disaster areas.

Apr. 18—President Johnson announces that he will appoint Joseph W. Barr to serve as Under Secretary of the Treasury. Several other diplomatic appointments are disclosed.

Senator Olin D. Johnston, Democrat from South Carolina, dies of pneumonia.

Apr. 19—The Securities and Exchange Commission files suit against the Texas Gulf Sulphur Company and 13 officers, directors and employees who bought stock in the company or advised others to do so while withholding news of a discovery of a rich ore in Canada.

At a meeting of governors from 9 Appalachian states and representatives from 2 others, Georgia Governor Carl E. Sanders is elected cochairman of the Appalachian Regional Commission; he will work with federal cochairman John L. Sweeney. Representatives from the 11 states will work out the details of the $1 billion Appalachian program.

Apr. 20—The White House announces that the Director of the Bureau of the Budget, Kermit Gordon, will resign on June 1; Charles L. Schultze has been named to succeed Gordon.

Apr. 21—Representatives from New York and Connecticut and trustees of the New Haven Railroad agree on a $4.5 million aid plan to assure commuter service for at least 18 months. The federal government is expected to provide $3 million of the funds. During this period a permanent agreement on commuter service is to be arranged. The interim solution covers only commuter runs from New Haven, New Canaan and Danbury into New York City.

Apr. 22—Secretary of Commerce John T. Connor announces that Assistant Secretary of Commerce Herbert W. Klotz has resigned. It has been disclosed that Klotz had purchased Texas Gulf Sulphur Company stock.

Apr. 24—In an Executive Order, President Johnson names Vietnam and its adjacent waters as a combat area for income tax purposes retroactive to January 1, 1964. Over $25 million in tax relief will be given to members of the armed forces who served in Vietnam.

Apr. 26—President Johnson signs a new Manpower Development and Training Act, establishing training programs through June 30, 1969.

Apr. 29—Commissioner of Education Francis Keppel announces that all school districts receiving federal aid will have to be substantially desegregated by September, 1966. For the 1967–1968 academic year, all 12 school grades must be desegregated.

Congress passes a compromise $2.2 billion appropriations bill, including $349 million for starting the Appalachian regional development program. The bill provides for financing government agencies through June 30. It goes to the President.

Labor

Apr. 5—The U.S. Labor Department finds that miscounts and false reports of results made James B. Carey, president of the International Union of Electrical Workers,

appear the victor in the union's 1964 election contest. The Labor Department reports that in fact Paul Jennings won the election and should have been installed as president as of January 1, 1965.

Apr. 7—The I.U.E.'s executive board accepts Carey's resignation and votes to seat Paul Jennings as president.

Apr. 15—Representatives of the steel industry offer to make a down payment on a final settlement while continuing negotiations with the United Steelworkers of America. Steelworkers President David J. McDonald rejects industry's offer.

Apr. 16—The director of the Federal Mediation and Conciliation Service, William E. Simkin (top federal mediator), confers by telephone with the steel union and industry officials.

Apr. 22—The Steelworkers Union 171-man wage policy committee unanimously approves a strike against the 11 major steel companies on May 1 if no agreement on a new contract is reached.

Apr. 26—Industry and labor reach agreement on avoiding a May 1 strike. Under the agreement, steelworkers will receive an 11.5 cents-an-hour wage increase effective May 1, to be placed in an escrow fund. By August 1, 1965, if management and labor have not agreed on a new contract, the Steelworkers Union may give 30 days notice to cancel the working agreement.

Apr. 27—Negotiators for the steel union and companies agree to resume talks on May 18.

Apr. 30—The international tellers of the United Steelworkers of America announce that I. W. Abel has won the election for president, succeeding David J. McDonald, whose term expires June 1.

Military

Apr. 3—A nuclear reactor (SNAP-10A), designed to operate in space, is launched.

Apr. 4—Atomic Energy Commission Chairman Glenn T. Seaborg terms the SNAP-10A "a significant advance." It is circling the earth every 112 minutes and producing a constant 600 watts of electricity.

Apr. 16—White House Press Secretary George Reedy announces that President Johnson will promote Air Force Major General Benjamin O. Davis to lieutenant general and name him to serve as chief-of-staff of U.S. forces in South Korea. Davis will hold the highest rank in the armed forces achieved by a Negro. Reedy also announces that Johnson has approved the nomination of Lieutenant General Thomas Moorman for superintendent of the U.S. Air Force Academy.

Politics

Apr. 21—South Carolina Governor Donald S. Russell announces that he will resign as governor in order to fill the Senate seat vacated by the recent death of Olin D. Johnston.

Segregation

Apr. 1—Dr. Martin Luther King announces that his Southern Christian Leadership Conference (S.C.L.C.) will open voter registration drives in 120 counties in 7 Southern states.

In Birmingham, Alabama, dynamite bombs are found at the homes of Mayor Albert Boutwell and City Councilwoman Nina Miglionico soon after a bomb explodes at the home of Negro accountant T. L. Crowell, slightly injuring a 13-year-old boy.

Apr. 2—Martin Luther King urges U.S. businesses to suspend plant expansion or new plant location in Alabama. At the end of a 2-day meeting of the executive board of the S.C.L.C., the board approves the boycott.

Apr. 7—Four men, charged in a federal grand jury indictment yesterday, are rearrested for the death of Mrs. Viola Gregg Liuzzo, Detroit housewife slain at the end of the Selma-Montgomery march last month. Three are charged under the indictment; charges against the 4th man may be dropped.

Apr. 8—In Bogalusa, Louisiana, shots are fired at a Negro's house where 2 white civil rights workers are staying.

Apr. 9—In Bogalusa, Core National Director James Farmer leads a Negro protest march.

Apr. 12—A small Negro church, 12 miles from Brandon, Mississippi, is burned to the ground. Earlier in the day, 6 church members tried to register to vote.

Apr. 13—A Dallas County grand jury indicts 3 white men from Selma, Alabama. They are charged with the slaying of Rev. James J. Reeb of Boston last month. The grand jury does not indict the fourth man, arrested with the other 3 last month.

Apr. 16—In an injunction sought by the Justice Department, a 3-judge federal court orders Dallas County Sheriff James G. Clark, Jr., to refrain from using the county posse to police racial disturbances.

Clark is also enjoined from arresting or otherwise interfering with Negroes exercising their constitutional rights.

Apr. 17—In a memorandum released by the Civic Voters League of Bogalusa the League declares that it will open negotiations to end the picketing of downtown stores if such talks are part of a conference on ending racial discrimination in employment, education and public accommodations.

Apr. 20—At a grand jury hearing, Gary T. Rowe, one of the 4 men arrested, but not indicted, for the slaying of Mrs. Liuzzo, testifies. It is reported that Rowe has been a paid undercover agent for the Federal Bureau of Investigation for 6 years.

Apr. 22—Three men are indicted for first degree murder in the killing of Mrs. Liuzzo; they are released on $10,000 bail.

In New York City, the Board of Education announces that junior high schools will be replaced by intermediate schools covering grades five through eight to provide "excellence of education" and greater racial integration. The transition to the intermediate schools will begin by September, 1966.

Apr. 24—It is reported that, at the request of Governor John McKeithen, Vice-President Hubert Humphrey has helped mediate the racial conflict in Bogalusa. City officials have agreed to meet with Negro leaders.

Apr. 26—The 3 men accused of murdering Mrs. Liuzzo plead not guilty.

Supreme Court

Apr. 5—In a case involving a criminal trial in Texas, the Supreme Court declares that the Sixth Amendment to the U.S. Constitution guaranteeing an accused person the right to confront witnesses against him is binding on states under the Fourteenth Amendment. The conviction in the Texas case is reversed.

In a case brought by the Federal Trade Commission against the Colgate-Palmolive Company, the Supreme Court rules that the company may not use false props in television advertising tests to prove a claim, however true.

Apr. 27—The Supreme Court, in the first test of the 24th Amendment, unanimously declares unconstitutional a Virginia law requiring a voter to file a certificate of residence before voting in a federal election.

VIETNAM, REPUBLIC OF SOUTH

Apr. 1—An appeal for unconditional negotiations on Vietnam by the heads of 17 nonaligned states, drafted at the Belgrade, Yugoslavia, conference on March 14 and 15, is presented to the governments of the U.S., Britain, France, Communist China, North Vietnam, the U.S.S.R., Poland and Canada.

British Foreign Secretary Michael Stewart tells the House of Commons that Britain will discuss, with the members of the 1954 Geneva conference on Indochina, their ideas for a Vietnam settlement. Britain was a cochairman of the 1954 conference; the Soviet Union, also cochairman, has refused to participate. Stewart also discloses that Britain has suggested to the Soviet Union that they confer on policing the truce in Laos, and extend such a conference "to deal with the main anxiety which faces us," namely, Vietnam.

Apr. 3—U.S. planes bomb North Vietnamese

bridges, cutting off southern cities and bases linked by rail to Hanoi. U.S. pilots report seeing Soviet MIG planes for the first time.

Apr. 5—It is reported that, in 4 attacks yesterday by U.S. and South Vietnamese planes against North Vietnamese roads and bridges, North Vietnamese MIG planes downed 2 U.S. Air Force jets.

Apr. 7—*The New York Times* reports that Moscow sources have disclosed that Communist China is allowing Soviet arms shipments to proceed through China en route to North Vietnam.

Apr. 8—In a formal White House reply to the 17 nonaligned nations' plea for Vietnam negotiations, the U.S. declares that it will end its bombing attacks on North Vietnam when the North Vietnamese halt their support of Vietcong (pro-Communist) rebel activity in South Vietnam.

Apr. 9—The North Vietnamese Press Agency reports an interview given by President Ho Chi Minh of North Vietnam to *Akahata,* Japanese Communist party journal; Ho insists that the U.S. must withdraw from Vietnam before a settlement can be arranged.

Apr. 10—The first of 2 additional 1,400-men Marine Corps battalions arrives near Danang. An advance element of a U.S. Marine Corps jet fighter squadron arrives at the Danang air base.

Apr. 13—The U.S. embassy reports that Joseph Grainger, an employee of the U.S. Operations Mission in South Vietnam captured in August of 1964, was shot by a Vietcong soldier on January 12, 1965.

A declaration by North Vietnamese Premier Pham Van Dong is made public; he outlines a 4-point program for restoring peace in Vietnam: 1) recognition of the "territorial integrity of Vietnam," withdrawal of U.S. troops, and an end to bombing attacks on North Vietnam; 2) a return to the 1954 Geneva conference's military provisions until Vietnam can be reunified; 3) the settlement of South Vietnam's problems by South Vietnamese; 4) reunification of North and South Vietnam "without any foreign interference."

Apr. 15—*The New York Times* reports that sources have disclosed that preparations are under way at sites near Hanoi for the installation of protective missiles against attacking planes.

In the largest air strike to date, 230 U.S. and South Vietnamese planes bomb a Vietcong stronghold in South Vietnam.

Apr. 17—President Johnson, at a news conference, issues a statement refusing to call off the bombings in North Vietnam and declaring U.S. willingness to hold unconditional talks.

Apr. 19—Soviet Premier Aleksei N. Kosygin asserts that U.S. bombing attacks and use of gas invite "retaliation in kind."

Vietcong fire kills 9 U.S. army helicopter crewmen, who were airlifting South Vietnamese troops.

Apr. 20—The North Vietnam press agency issues a statement rejecting the 17 nonaligned nations appeal for peace talks. The statement also denounces U.S. President Johnson's proposal for talks without preconditions. (See also *U.S. Foreign Policy.*)

Apr. 29—U.S. Coast Guard units are ordered to Vietnam to help patrol coastal waters.

YEMEN

Apr. 21—The Sana radio announces that a 6-man presidency council under President Abdullah al-Salal has been formed; it is also announced that Ahmed Mohammed Noman has been appointed Premier, succeeding Premier Hassan al-Amri (who resigned).

YUGOSLAVIA

Apr. 21—In Algeria, President Tito and Algerian President Ahmed Ben Bella issue a joint communiqué condemning U.S. interference in Vietnam and urging "immediate negotiations."

Apr. 30—Mihajlo Mihajlov, a scholar, is sentenced to 9 months in prison for having written an article offensive to the U.S.S.R.

INDEX FOR JANUARY-JUNE, 1965

Volume 48, Numbers 281-286

SUBJECTS

AUTHORS

PRINTED BY BUSINESS PRESS, INCORPORATED

KEEP UP-TO-DATE

SOME OF THE THINGS CURRENT *History* OFFERS YOU

★ AREA STUDIES . . . Month after Month, our area studies will keep you informed and round out your background information on vital topics.

CHINA (Sept., '64)	LATIN AMERICA (Jan., '65)
AMERICAN PRESIDENTIAL ELECTIONS (Oct., '64)	SOUTHEAST ASIA (Feb., '65)
SOVIET UNION (Nov., '64)	EAST EUROPE (Mar., '65)
WEST EUROPE (Dec., '64)	AFRICA (Apr., '65)
	MIDDLE EAST (May, '65)

Subscribe now to CURRENT HISTORY. Exclusive and Original Studies will provide you with invaluable, factual material that you can rely on for accuracy. Nowhere is such material duplicated. Nowhere are similar studies available at such low cost. CURRENT HISTORY's continu volumes are one-of-a-kind.

COORDINATED AREA STUDIES contain seven or eight articles devoted to a pertinent topic in world affairs. Each of our is a specialist in his field, who brings you his first-hand knowl ground, impressions. Each article in an issue focuses on a diff of the subject for complete coverage of the complex problem world.

THE MONTH IN REVIEW . . . offers a day-by-day chronological the important events in all the countries of the world, bot small. This is the only monthly chronology of its kind bein in the United States.

AREA MAPS help you follow the text.

DOCUMENTS . . . Our documents section reprints the texts of important treaties, laws, diplomatic notes, speeches, to provide original source material. See how this material increases your understanding of how history is made.

BOOK REVIEWS . . . Comments on current books of interest to our readers bring you concise notes evaluating the latest publications in the social science field.

A SPECIAL INTRODUCTORY BONUS

With your subscription you will receive three free issues. Today your need for background information on the problems of our century has increased one-hundredfold. Concerned citizens everywhere are awakening to the fact that they must be prepared to meet ever-growing demands upon their insight and understanding.

3 FREE ISSUES

Your subscription to CURRENT HISTORY will include three coordinated studies FREE — chosen from our list of Available Issues (see reverse side) — plus the next 12 issues for the usual yearly subscription price. Don't forget to select your three free gift copies from our list on the other side of this cover.

⇦ **PLEASE SEE OTHER SIDE FOR FULL DETAILS**